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FISCAL YEAR 2021
ENDED JUNE 30, 2021



FY2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF TOLLESON, ARIZONA



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Prepared by:
City of Tolleson Finance Department
9555 W. Van Buren
Tolleson, Arizona 85353



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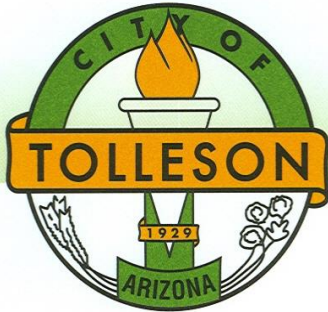
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and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

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Introductory Section





CITY OF TOLLESON

9555 West Van Buren • Tolleson, AZ 85353 • 623.936.7111 • fax 623.907.2629

November 17, 2021

Honorable Mayor, Members of the City Council, and Citizens of the City of Tolleson, Arizona:

State statutes require that cities and towns publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the annual financial report of the City of Tolleson, Arizona for the fiscal year ended June 30, 2021.

This report consists of senior management's representations concerning the finances of the City. Consequently, senior management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect both the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Henry & Horne, LLP, a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the city is often part of a broader, federally mandated Single Audit, as required by the provisions of the Single Audit Act Amendments 1996 and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited City internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. When applicable, these reports are available in a separately issued single Audit Reporting Package.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City of Tolleson, founded in 1929, operates under a Council-Manager form of government. The Mayor and six City Council members are elected at large on a non-partisan ballot and serve overlapping four-year terms. The City Council is vested with policy and legislative authority and is responsible for passing ordinances; adopting the budget; appointing commission board members; and appointing the positions of City Manager, City Attorney, and Presiding Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the day-to-day operations of the City.

The City encompasses approximately 6 square miles. Although small, Tolleson is in the middle of it all, with Phoenix International Raceway 10 minutes south and entertainment venues in Glendale, Peoria, Goodyear and Phoenix 10 minutes north and east. Tolleson is the west valley's industrial employment center hosting over 20 Fortune 500 companies employing more than 20,000 resulting in one of the most impressive jobs to residents' ratios in the nation.

The City provides a full range of municipal services including police and fire protection, sanitation service, water and sewer services, construction and maintenance of streets, recreational activities including libraries and cultural events, public transportation, planning and zoning services, and general administrative services.

Economic Condition and Outlook

The long-run outlook calls for continued strong growth. The state of Arizona is forecast to generate job, income, and population gains at a much faster pace than the nation. Tolleson generates rapid gains well in excess of the nation and faster than the state average.

Revenues in the General Fund grew by approximately 26%. Sales tax revenue grew by 29%, which demonstrates the city has fully recovered from the COVID-19 pandemic. Expenditures in the General Fund increased by \$273,131 which is less than 1%. The City was able to provide salary increases to employees while maintaining costs in commodities and services in order to stay within budget. The City's budget is structurally balanced with ongoing revenues supporting ongoing expenditures. One-time revenues like contracting transaction privilege taxes and building permits support one-time expenditures. The revenue forecast for fiscal year 2021-2022 anticipates a continuation of General Fund revenue growth.

Current Condition

As described above sales tax revenues were higher than previous years. Both the current and future programs are measured for alignment with the Strategic Plan. The financial performance of the City as a whole is reflected in its governmental funds.

As of June 30, 2021, the City's governmental funds reported a combined fund balance of \$62,912,528 of which \$43,984,645 is unassigned and available for spending at the City's discretion.

The City, like most municipalities, is significantly dependent upon sales tax revenues which are subject to economic fluctuations. Sales tax revenues comprised 66.9% of general fund revenues. Sales taxes and revenues related to the residential and commercial construction industry continued to improve during the fiscal year.

Future Economic Outlook

The City of Tolleson has been able to make strategic reinvestments in existing programs and invest in new programs that provide the opportunity to further position the City as the place to live, work and play. The City will continue to facilitate economic growth through capital projects in the coming year, including the construction of a \$22 million Civic Center that will be the new home of the Tolleson City Hall, Library, and Senior Center.

Accomplishments and Initiatives

During fiscal year 2021, the City had several significant accomplishments and initiatives.

The following new businesses opened in Tolleson this year: Cowden Logistics, Churroholic, Napa Auto Parts, Buffalo Spot, Hopewell 91 Industrial Warehouse and Desert Jewel Apartments. Bay State Milling has major on-site tenant improvements.

The Tolleson Public Library was awarded \$10,000 through the American Rescue Plan Act (ARPA). The funds were used for 22 laptops for patron lending. In addition, the Tolleson Public Library received \$4,000 for data plans for the hotspot lending program from Library Services and Technology Act (LSTA).

The Tolleson Senior Center implemented virtual programming at the Senior Center due to Covid-19: karaoke, chair yoga, arts/crafts, discussion groups, chair exercise, Zumba and bingo classes. There was a 25% increase (24,986) from the prior year in combined home delivered and congregate meals. A 14 - passenger bus was acquired through a competitive grant application process through MAG.

The Community Action Program provided \$1,387,903 to families in need via the utilities and rental assistance program.

Over 350 backpacks filled with school supplies along with family food bags were handed out by the Tolleson Recreation Department. The Adult fitness center was reopened, but was limited to three persons per allotted slot.

A full Compensation and Classification Study was completed. A new performance management system was implemented to provide efficient, real time performance feedback. A sick buyback program was implemented.

The City launched a new women's leadership group called TWIL (Tolleson Women in Leadership).

Expenditure Limitation

On June 30, 1980 Arizona voters approved general propositions amending the Arizona Constitution to establish expenditure and revenue limitations for local governments. The purpose of the expenditure limitation is to control expenditures and to limit future increases in spending to adjustments for inflation, deflation and population growth of the City.

On November 3, 2020, the voters of the City approved an alternative expenditure limitation, the effect of which is that the total budgeted expenditures of each yearly budget becomes the expenditure limitation for that year on a total budget basis. This alternative expenditure limitation is effective for four years.

Single Audit

As a recipient of Federal, State and County financial assistance, the City is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. Internal control is subject to periodic evaluation by management. The Office of Management and Budget (OMB) set the single audit (Uniform Guidance) threshold for federal awards to \$750,000. As such, the City did not meet the minimum threshold to have a single audit performed.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the fifth year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report would not have been possible without the efficient, effective and dedicated services of the entire staff of the Finance Department and the assistance of personnel in the various departments. We would like to express our appreciation to all members who assisted and contributed to the preparation of this report.

We also wish to express our sincere appreciation to the Mayor, Vice Mayor and Council for unfailing support in maintaining the highest standards of professionalism in the management of the City of Tolleson's finances.

Respectfully Submitted:

A handwritten signature in black ink that reads "Victoria L. Juvet". The signature is written in a cursive, flowing style.

Victoria L. Juvet
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Tolleson
Arizona**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

CITY OF TOLLESON, ARIZONA
PRINCIPAL OFFICIALS OF THE CITY
YEAR ENDED JUNE 30, 2021

MAYOR AND COUNCIL

Juan F Rodriguez, Mayor

Clorinda Erives, Vice Mayor

Lupe Leyva Bandin, Councilmember

Jimmy Davis, Councilmember

Adolfo Gamez, Councilmember

Linda Laborin, Councilmember

Albert P. Mendoza, Councilmember



MANAGEMENT STAFF

Reyes Medrano, Jr., City Manager

DEPARTMENT HEADS

John Lamb, Magistrate

Wendy Jackson, Employee Resources Director

Crystal Zamora, City Clerk

Steve Holliday, Chief Technical Officer

Jamie McCracken, Field Operations Director

Rudy Mendoza, Police Chief

Victoria L. Juvet, Chief Financial Officer

Mark Berrelez, Utilities Director

George Good, Fire Chief

Jason Earp, Development Services Director

Santiago Cornejo, Human Services Director

John Paul Lopez, Parks and Recreation Center Director

Pilar C. Sinawi, Chief Government Affairs Officer

CITY OF TOLLESON ORGANIZATIONAL CHART



Tolleson Citizens

Mayor and
Council

Boards and
Commissions

Magistrate

City Manager

City Attorney

Employee
Resources

Fire

Police

Field
Operations

Utilities

Finance

Information
Technology

Human
Services

Public Affairs

City Clerk

Development
Services

PRC



Financial Section



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
City of Tolleson
Tolleson, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tolleson, Arizona, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tolleson, Arizona, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tolleson, Arizona's basic financial statements. The introductory section, the financial information listed as other supplementary information in the financial section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The financial information listed as other supplementary information in the financial section is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial information listed as other supplementary information in the financial section, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Information (Continued)

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the City of Tolleson, Arizona failed to use highway user revenue fund monies received by the City pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the City of Tolleson solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Tolleson's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, management, and other responsible parties with the City and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2021 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Tolleson, Arizona's, internal control over financial reporting and compliance.

Henry + Horne, LLP

Tempe, Arizona
November 17, 2021



Financial Section

MANAGEMENT'S DISCUSSION & ANALYSIS



**CITY OF TOLLESON, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021**

As management of the City of Tolleson, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page i of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Tolleson, Arizona exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$171,776,196 (net position). The unrestricted net position, which represents the amounts available to meet the City of Tolleson's ongoing obligations to citizens and creditors was a positive \$62,119,916.
- The City of Tolleson's total net position increased by \$22,694,684 primarily due to the general revenues received, with the largest amount coming from sales tax.
- The governmental activities program revenues of \$7,054,767 were higher than the total of \$4,386,747 in the prior year.
- The business-type activities program revenues of \$15,641,960 were slightly higher than the total of \$14,049,765 in the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$43,984,645 or 181% of total General Fund expenditures and is available for spending at the government's discretion.
- General Fund revenues (on a budgetary basis) were higher than budgeted inflows by \$8,553,423 for the fiscal year ending June 30, 2021. Budgetary basis expenditures of the General fund were 67.4% (\$11,737,898 in savings) of the final budgeted expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City of Tolleson's basic financial statements. The City of Tolleson's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Tolleson's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City of Tolleson's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Tolleson is improving or deteriorating.

The *statement of activities* presents information showing how the City of Tolleson's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Tolleson that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Tolleson include general government, public safety, highways and streets, culture and recreation, economic development, and health and welfare. The business-type activities of the City of Tolleson include water, wastewater and sewer, and sanitation and trash.

The government-wide financial statements can be found on pages 23-25 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Tolleson, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Tolleson can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Tolleson maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, grants fund, public safety fund, capital projects, and debt service fund which are considered to be major funds. Data from one additional governmental fund is presented separately. Fund data for the non-major governmental fund is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Tolleson adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 30-37 of this report.

Proprietary Funds. The City of Tolleson maintains three different proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Tolleson uses enterprise funds to account for its water, wastewater and sewer, and sanitation operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water fund, wastewater and sewer fund, and sanitation and trash fund, all of which are considered to be major funds of the City of Tolleson.

The basic proprietary fund financial statements can be found on pages 41-45 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. The City did not have any fiduciary funds to report at year end.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49-88 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City of Tolleson's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 91-104.

The combining statements referred to earlier in connection with non-major governmental funds and non-major governmental fund budgetary comparisons are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 107-115 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the City's financial position. The City's combined assets exceed liabilities by \$171,776,196 as of June 30, 2021 as shown in the following condensed statement of net position. The City has chosen to account for its water, sewer and sanitation operations in an enterprise fund which is shown as Business Activities.

City of Tolleson, Arizona
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total Government	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Current and other assets	\$ 67,184,498	\$ 48,598,802	\$ 43,407,840	\$ 40,521,192	\$ 110,592,338	\$ 89,119,994
Capital assets	59,167,707	59,173,863	58,271,504	58,272,417	117,439,211	117,446,280
Total assets	126,352,205	107,772,665	101,679,344	98,793,609	228,031,549	206,566,274
Deferred outflows of resources	7,360,482	6,959,519	875,024	605,511	8,235,506	7,565,030
Long-term liabilities outstanding	42,553,794	42,675,758	15,503,225	16,562,009	58,057,019	59,237,767
Other liabilities	3,902,378	2,421,451	1,178,794	967,482	5,081,172	3,388,933
Total liabilities	46,456,172	45,097,209	16,682,019	17,529,491	63,138,191	62,626,700
Deferred inflows of resources	1,289,056	2,154,398	63,612	268,694	1,352,668	2,423,092
Net position:						
Net investment in capital assets	47,483,826	46,353,982	52,261,630	50,543,526	99,745,456	96,897,508
Restricted	9,331,450	5,668,215	579,374	619,400	9,910,824	6,287,615
Unrestricted	29,152,183	15,458,380	32,967,733	30,438,009	62,119,916	45,896,389
Total net position	\$ 85,967,459	\$ 67,480,577	\$ 85,808,737	\$ 81,600,935	\$ 171,776,196	\$ 149,081,512

Governmental Activities

Current and other assets increased in governmental activities by \$18.6 million. Deferred outflows of resources increased by \$401K and deferred inflows of resources decreased by \$865K, both due to the effects of GASB 68. Other liabilities increased by \$1.5 million largely due to an increase in unearned revenue.

By far, the largest portion of the City of Tolleson's net position, \$99,745,456, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure, net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets). The City of Tolleson uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City of Tolleson's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Tolleson's net position, \$9,910,824 represents resources that are subject to external restriction on how they may be used. As of the end of the current year, the City of Tolleson's unrestricted net position was a positive balance of \$62,119,916.

The City of Tolleson's overall net position increased by \$22,694,684 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

The City's programs include: General Government, Public Safety, Highways and Streets, Economic Development, Culture and Recreation, and Health and Welfare. Each programs' net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the extent to which the City's general taxes support each of the City's programs.

City of Tolleson, Arizona
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Government	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Revenues:						
Program revenues:						
Charges for services	\$ 4,573,050	\$ 2,431,367	\$ 14,424,481	\$ 14,049,765	\$ 18,997,531	\$ 16,481,132
Operating grants and contributions	2,471,673	1,923,497	-	-	2,471,673	1,923,497
Capital grants and contributions	10,242	31,883	1,217,479	-	1,227,721	31,883
General revenues:						
Taxes	42,945,297	34,194,982	1,773,206	2,451,096	44,718,503	36,646,078
Urban revenue sharing	1,053,562	943,866	-	-	1,053,562	943,866
Other revenue/(expense)	111,971	1,095,927	53,972	653,480	165,943	1,749,407
Total revenues	<u>51,165,795</u>	<u>40,621,522</u>	<u>17,469,138</u>	<u>17,154,341</u>	<u>68,634,933</u>	<u>57,775,863</u>
Expenses:						
General government	8,802,055	8,293,849	-	-	8,802,055	8,293,849
Public safety	15,922,346	13,327,589	-	-	15,922,346	13,327,589
Highways and streets	2,520,959	2,980,662	-	-	2,520,959	2,980,662
Culture and recreation	3,085,615	3,545,868	-	-	3,085,615	3,545,868
Economic development	807,093	701,000	-	-	807,093	701,000
Health and welfare	805,115	602,713	-	-	805,115	602,713
Interest on long-term debt	735,730	1,093,652	-	-	735,730	1,093,652
Water	-	-	6,130,858	5,927,310	6,130,858	5,927,310
Wastewater treatment/sewer	-	-	6,739,960	6,885,266	6,739,960	6,885,266
Sanitation	-	-	390,518	362,020	390,518	362,020
Total expenses	<u>32,678,913</u>	<u>30,545,333</u>	<u>13,261,336</u>	<u>13,174,596</u>	<u>45,940,249</u>	<u>43,719,929</u>
Change in net position	18,486,882	10,076,189	4,207,802	3,979,745	22,694,684	14,055,934
Net position, beginning	67,480,577	57,404,388	81,600,935	77,621,190	149,081,512	135,025,578
Ending net position	<u>\$ 85,967,459</u>	<u>\$ 67,480,577</u>	<u>\$ 85,808,737</u>	<u>\$ 81,600,935</u>	<u>\$ 171,776,196</u>	<u>\$ 149,081,512</u>

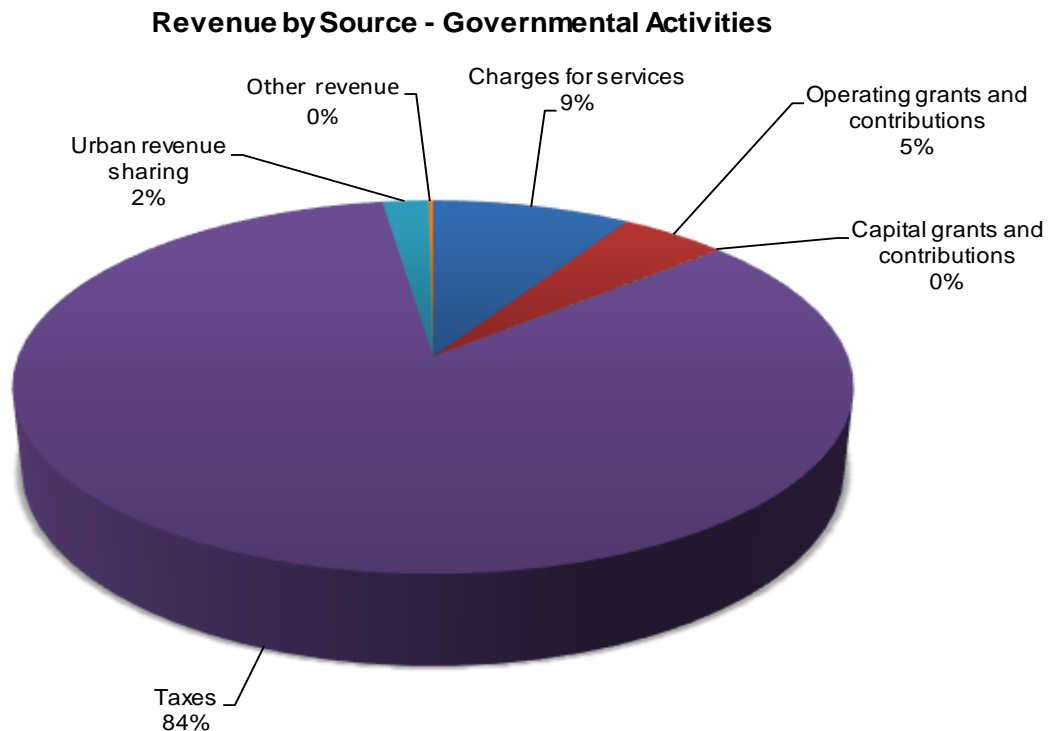
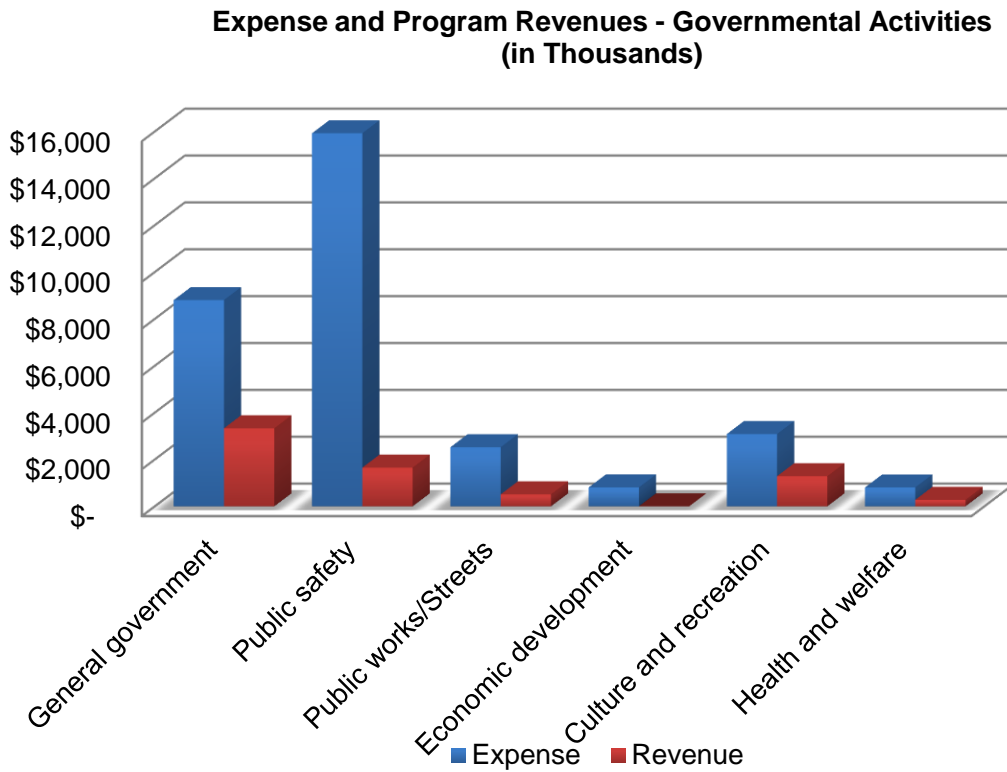
Governmental Activities

During the current fiscal year, net position for governmental activities increased \$18,486,882 from the prior fiscal year for an ending balance of \$85,967,459. The increase in the overall net position of governmental activities is primarily due to an increase in sales tax revenue and contributions and donations.

Revenues increased \$10.5 million from the prior year mainly due to an increase in sales tax revenue and a \$1.25 million donation from a local business for the City's planned aquatic center and new bookmobile. Sales tax remains the largest source of revenue at \$34,079,997.

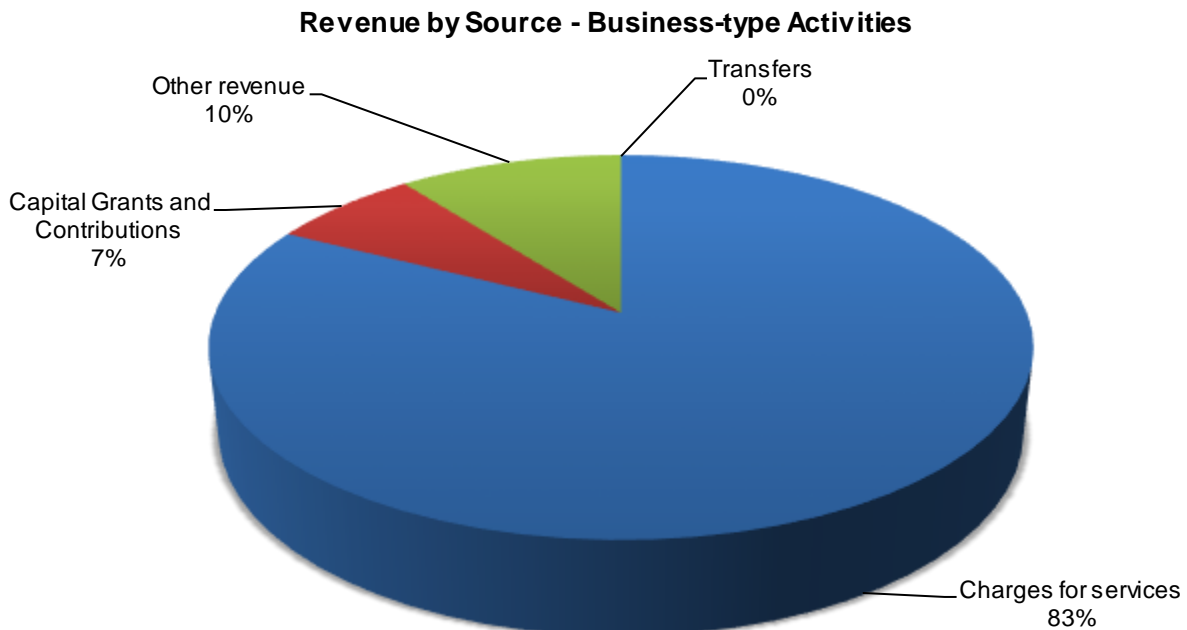
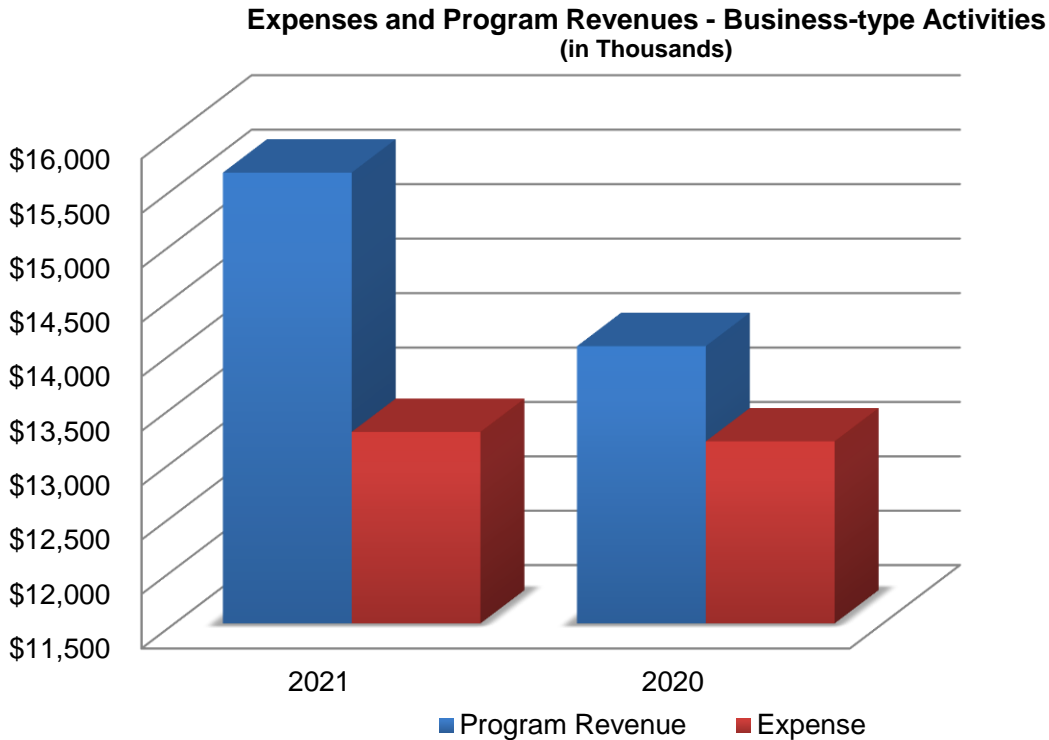
Expenses increased from \$30.5 million in the prior year to \$32.7 million in the current year. Public safety increased by \$2.6 million mainly due to increases in payroll costs, pension expense, and depreciation expense.

As shown in the chart below, revenues generated by the City of Tolleson programs are not sufficient to cover the costs. The City of Tolleson relies on property taxes, sales taxes, investment income and other general revenues to cover the costs associated with the various programs.



Business Type Activities

For the City of Tolleson's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$81,600,935. The total increase in net position for business-type activities (water, sewer and wastewater, sanitation and trash) was \$3,979,745 or 5.1% from the prior fiscal year. The growth, in large part, is attributable to capital grants and contributions.



Financial Analysis of the Governmental Funds

As noted earlier, the City of Tolleson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the City of Tolleson's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Tolleson's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Tolleson itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Tolleson's Council.

As of June 30, 2021, the City of Tolleson's governmental funds reported combined fund balances of \$62,912,528, an increase of \$16,916,039 in comparison with the prior year. Of this amount, \$43,984,645 or 70% constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is non-spendable, or restricted, to indicate it is (1) not in spendable form, \$6,744; or (2) restricted for particular purposes, \$18,921,139.

Analysis of Individual Funds

The general fund is the chief operating fund of the City of Tolleson. At the end of the current fiscal year, unassigned fund balance in the general fund was \$43,984,645, while total fund balance is \$44,511,785. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 181% of total general fund expenditures, while total fund balance represents 183% of that same amount.

The fund balance of the City of Tolleson's general fund increased by \$15,181,482 during the current fiscal year. As discussed earlier in connection with governmental activities, the increase is primarily due to an increase in sales tax revenue and contributions and donations.

The Public Safety Tax Fund had a \$2,694,206 increase in fund balance during the current fiscal year. The key factor to the increase was an increase in sales tax revenue.

The Capital Projects Fund balance decreased by \$1,489,192 during the fiscal year as project payments were more than the investment earnings.

The Debt Service Fund balance increased by \$233,361 during the fiscal year as a result of a tax revenue being greater than the debt service expense.

Proprietary Funds: The City of Tolleson's proprietary funds provide the same type of information found in the business-type activities portion of the government-wide financial statements, but in more detail.

Unrestricted net position of the Water Fund at the end of the year was \$14,208,815, the Wastewater and Sewer Fund was \$18,450,633 and was \$308,285 for the Sanitation and Trash Fund. The total growth in net position for each of the funds was \$2,408,837, \$1,740,904, and \$58,061, respectively. The charges for services increased in the Water Fund, but decreased in the Wastewater and Sewer and Sanitation and Trash Funds. Additionally, property taxes decreased in the Wastewater and Sewer Fund.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, there was a need to reallocate appropriations among departments with six budget amendments.

Final budget compared to actual results. The most significant difference between estimated revenues and actual revenues were as follows:

Revenue source	Estimated revenues	Actual Revenues	Difference
Sales taxes	\$ 26,178,000	\$ 34,079,997	\$ 7,901,997
Contributions and donations	45,000	1,270,908	1,225,908

General Fund expenditures were less than budgeted appropriations by \$11,737,898. The five budget organizations with the largest variances include Civic Center CIP at \$7,000,000, Parks and Recreation at \$637,224, Housing Services at \$555,135, City Promotion at \$511,611, and Police Support Services at \$479,096. All expenditure variances were below the related appropriations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets and Debt Administration

Capital Assets: The City of Tolleson's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$117,439,211 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, furniture, machinery, equipment, vehicles, improvements, and the wastewater treatment plant. The total decrease in capital assets for the current fiscal year was 0.6%.

	Governmental Activities		Business-type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 6,989,310	\$ 6,589,410	\$ 3,933,202	\$ 3,933,202	\$ 10,922,512	\$ 10,522,612
Construction in progress	1,780,443	443,096	-	-	1,780,443	443,096
Buildings	16,748,727	17,372,942	25,294,179	26,117,892	42,042,906	43,490,834
Furniture, Equipment, and vehicles	3,785,440	3,771,788	19,698,690	18,695,996	23,484,130	22,467,784
Improvements	29,863,787	30,996,627	9,345,433	9,525,327	39,209,220	40,521,954
Total	<u>\$ 59,167,707</u>	<u>\$ 59,173,863</u>	<u>\$ 58,271,504</u>	<u>\$ 58,272,417</u>	<u>\$ 117,439,211</u>	<u>\$ 117,446,280</u>

Major capital assets acquisitions during the current fiscal year included the following:

- Various vehicles were purchased in the amount of \$509,511.
- Land was purchased in the amount of \$399,900.
- A new Vactor truck was purchased in the amount of \$391,079.

Additional information on the City of Tolleson's capital assets can be found in Note 4 of this report.

Debt Administration: At the end of the current fiscal year, the City of Tolleson had total bonded debt outstanding of \$23,875,000. Of this amount, \$19,690,000 is debt backed by the full faith and credit of the government. The remainder of the City of Tolleson's long-term obligations is comprised of compensated absences, a developer agreement payable, loans payable, and the City's pension liability.

	Governmental Activities		Business-type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 13,513,122	\$ 14,956,685	\$ 4,241,878	\$ 5,293,315	\$ 17,755,000	\$ 20,250,000
General obligation bonds -refunding	1,548,000	2,132,000	387,000	533,000	1,935,000	2,665,000
Revenue bonds	-	-	-	-	-	-
Revenue bonds - refunding	4,185,000	4,605,000			4,185,000	4,605,000
Bond premiums	1,561,076	1,707,011	291,852	329,366	1,852,928	2,036,377
Loans payable	-	-	5,093,945	5,573,343	5,093,945	5,573,343
Total	<u>\$ 20,807,198</u>	<u>\$ 23,400,696</u>	<u>\$ 10,014,675</u>	<u>\$ 11,729,024</u>	<u>\$ 30,821,873</u>	<u>\$ 35,129,720</u>

The City of Tolleson's total debt decreased by \$4,307,847 (12.3%) during the current fiscal year. This was due to the retirement of debt resulting from regularly scheduled debt payments.

The City of Tolleson maintained AA ratings from Standard & Poor's for general obligation debt.

The State constitution imposes certain debt limitations on the City of Tolleson of six percent (6%) and twenty percent (20%) of the assessed valuation of the City. Additional information on the debt limitations and capacities may be found in Table 15 in the statistical section of this report.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The following economic factors currently affect the City of Tolleson and were considered in developing the 2021-2022 fiscal year budget.

- The unemployment rate for the city of Tolleson is currently 6.60%, which is a decrease from a rate of 9.70% a year ago. Labor shortages continue to be an issue in all sectors of employment.
- The City anticipates that interest rates will gradually increase in the next year from record low levels, while inflation will gradually decrease from the current level of approximately 5%.
- On the expenditure side, increases are expected in wages, health insurance costs, pension costs, and other employee benefit costs.
- The City of Tolleson continues to be a member of Southwest Risk Services, a member owned risk sharing pool for property, liability, and workers compensation insurance administrative services in Arizona.
- The City of Tolleson's daytime population exceeds 25,000 persons a day requiring 24 hour services for residents and non-residents alike.

Overall, the financial condition of the City has improved during FY 2021 and the actions of the City Council will help to ensure this continues.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Chief Financial Officer, City of Tolleson, 9555 West Van Buren, Tolleson, Arizona, 85353 or visit our website at www.tolleson.az.gov.



Financial Section

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements - include the Statement of Net Position and Statement of Activities and use the accrual basis of accounting for financial reporting.

Governmental Funds Financial Statements - include the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for the major governmental funds that use the modified accrual basis of reporting. Also includes the reconciliations to the government-wide financial statements.

Proprietary Funds Financial Statements - include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows for the business-type activities that use the accrual basis of accounting for financial reporting.

Notes to the Financial Statements



Financial Section

GOVERNMENT-WIDE FINANCIAL STATEMENTS



CITY OF TOLLESON, ARIZONA
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 38,915,930	\$ 24,865,596	\$ 63,781,526
Investments	13,850,670	10,181,284	24,031,954
Receivables (net of allowances)	4,821,465	3,776,785	8,598,250
Restricted assets	9,589,689	4,584,175	14,173,864
Prepaid items	6,744	-	6,744
Capital assets:			
Nondepreciable	8,769,753	3,933,202	12,702,955
Depreciable capital assets (net)	50,397,954	54,338,302	104,736,256
Total assets	<u>126,352,205</u>	<u>101,679,344</u>	<u>228,031,549</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>7,360,482</u>	<u>875,024</u>	<u>8,235,506</u>
LIABILITIES			
Accounts payable and other current liabilities	1,559,895	684,226	2,244,121
Accrued wages and benefits	1,001,720	232,460	1,234,180
Retainage payable	104,874	-	104,874
Deposits payable	4,838	165,220	170,058
Interest payable	-	84,152	84,152
Unearned revenue	1,231,051	12,736	1,243,787
Noncurrent liabilities:			
Due within one year:			
Compensated absences	568,310	312,350	880,660
Developer agreement payable	466,373	-	466,373
Loans payable	-	495,238	495,238
Bonds payable	2,099,604	705,396	2,805,000
Due in more than one year:			
Compensated absences	1,799,653	226,185	2,025,838
Loans payable	-	4,598,707	4,598,707
Bonds payable	18,707,593	4,215,334	22,922,927
Net pension liability	18,912,261	4,950,015	23,862,276
Total liabilities	<u>46,456,172</u>	<u>16,682,019</u>	<u>63,138,191</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	<u>1,289,056</u>	<u>63,612</u>	<u>1,352,668</u>
NET POSITION			
Net investment in capital assets	47,483,826	52,261,630	99,745,456
Restricted for:			
General government	403,574	-	403,574
Public safety	6,300,376	-	6,300,376
Highways and streets	891,983	-	891,983
Debt service	1,020,169	527,112	1,547,281
Capital projects and other	484,541	52,262	536,803
Grants	230,807	-	230,807
Unrestricted	<u>29,152,183</u>	<u>32,967,733</u>	<u>62,119,916</u>
Total net position	<u>\$ 85,967,459</u>	<u>\$ 85,808,737</u>	<u>\$ 171,776,196</u>

See accompanying notes

CITY OF TOLLESON, ARIZONA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental activities				
General government	\$ 8,802,055	\$ 3,116,267	\$ 204,973	\$ 10,242
Public safety	15,922,346	1,450,784	200,596	-
Highways and streets	2,520,959	-	510,200	-
Culture and recreation	3,085,615	5,999	1,280,908	-
Economic development	807,093	-	-	-
Health and welfare	805,115	-	274,996	-
Interest on long-term debt	735,730	-	-	-
Total governmental activities	<u>32,678,913</u>	<u>4,573,050</u>	<u>2,471,673</u>	<u>10,242</u>
Business-type activities				
Water	6,130,858	7,296,769	-	-
Wastewater and Sewer	6,739,960	6,679,392	-	1,217,479
Sanitation and Trash	390,518	448,320	-	-
Total business-type activities	<u>13,261,336</u>	<u>14,424,481</u>	<u>-</u>	<u>1,217,479</u>
Total primary government	<u>\$ 45,940,249</u>	<u>\$ 18,997,531</u>	<u>\$ 2,471,673</u>	<u>\$ 1,227,721</u>

General revenues

Taxes:

Sales tax

Property tax

Auto lieu tax

Franchise tax

State revenue sharing

Urban revenue sharing (unrestricted)

Unrestricted investment earnings

Gain on sale of capital assets

Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (5,470,573)	\$ -	\$ (5,470,573)
(14,270,966)	-	(14,270,966)
(2,010,759)	-	(2,010,759)
(1,798,708)	-	(1,798,708)
(807,093)	-	(807,093)
(530,119)	-	(530,119)
(735,730)	-	(735,730)
<u>(25,623,948)</u>	<u>-</u>	<u>(25,623,948)</u>
-	1,165,911	1,165,911
-	1,156,911	1,156,911
-	57,802	57,802
<u>-</u>	<u>2,380,624</u>	<u>2,380,624</u>
<u>(25,623,948)</u>	<u>2,380,624</u>	<u>(23,243,324)</u>
34,079,997	-	34,079,997
7,386,020	1,773,206	9,159,226
549,384	-	549,384
55,333	-	55,333
874,563	-	874,563
1,053,562	-	1,053,562
67,930	53,972	121,902
21,204	-	21,204
<u>22,837</u>	<u>-</u>	<u>22,837</u>
<u>44,110,830</u>	<u>1,827,178</u>	<u>45,938,008</u>
18,486,882	4,207,802	22,694,684
<u>67,480,577</u>	<u>81,600,935</u>	<u>149,081,512</u>
<u>\$ 85,967,459</u>	<u>\$ 85,808,737</u>	<u>\$ 171,776,196</u>



Financial Section

GOVERNMENTAL FUND FINANCIAL STATEMENTS

MAJOR FUNDS

General Fund - This fund is the general operating fund of the City. It accounts for all financial resources of the City, except those required to be accounted for in other funds.

Grants Fund - This fund accounts for miscellaneous federal and state grants and other contributions that are restricted for specific use.

Public Safety Tax Fund - This fund accounts for the ½ cent sales tax collected to provide for police and fire services.

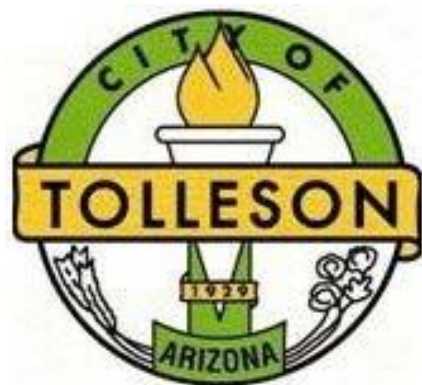
Capital Projects Fund - This fund accounts for the government's major capital improvements projects including the expenditure of impact fees.

Debt Service Fund - This fund accounts for the government's accumulation of resources for and the payment of long-term debt principal, interest and related costs.

NON - MAJOR FUNDS

Other governmental funds are the non-major funds and are special revenue funds.





CITY OF TOLLESON, ARIZONA
BALANCE SHEET
June 30, 2021

	General	Grants	Public Safety Tax
ASSETS			
Cash and cash equivalents	\$ 28,961,174	\$ 1,375,846	\$ 5,559,131
Investments	13,850,670	-	-
Receivables, net:			
Accounts receivable	351,366	-	63,964
Interest receivable	29,095	-	-
Taxes receivable	136,778	-	612,760
Intergovernmental receivable	3,166,596	214,233	-
Due from other funds	25,000	-	-
Prepays	6,744	-	-
Restricted cash and investments	-	-	-
Total assets	\$ 46,527,423	\$ 1,590,079	\$ 6,235,855
LIABILITIES			
Accounts payable	\$ 746,192	\$ 51,315	\$ 52,301
Accrued wages and benefits	985,581	16,139	-
Retainage payable	8,729	-	-
Due to other funds	-	25,000	-
Deposit payable	4,838	-	-
Unearned revenue	-	1,231,051	-
Total liabilities	1,745,340	1,323,505	52,301
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	270,298	35,767	-
FUND BALANCES			
Nonspendable			
Prepaid items	6,744	-	-
Restricted			
General government	403,574	-	-
Public safety	116,822	-	6,183,554
Highways and streets	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Grants	-	230,807	-
Unassigned	43,984,645	-	-
Total fund balances	44,511,785	230,807	6,183,554
Total liabilities, deferred inflow of resources, and fund balances	\$ 46,527,423	\$ 1,590,079	\$ 6,235,855

Capital Projects	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,000,431	\$ 897,939	\$ 1,121,409	\$ 38,915,930
-	-	-	13,850,670
-	-	-	415,330
-	-	-	29,095
-	129,257	-	878,795
-	56,500	60,916	3,498,245
-	-	-	25,000
-	-	-	6,744
9,589,689	-	-	9,589,689
<u>\$ 10,590,120</u>	<u>\$ 1,083,696</u>	<u>\$ 1,182,325</u>	<u>\$ 67,209,498</u>
\$ 419,745	\$ -	\$ 290,342	\$ 1,559,895
-	-	-	1,001,720
96,145	-	-	104,874
-	-	-	25,000
-	-	-	4,838
-	-	-	1,231,051
515,890	-	290,342	3,927,378
-	63,527	-	369,592
-	-	-	6,744
-	-	-	403,574
-	-	-	6,300,376
-	-	891,983	891,983
-	1,020,169	-	1,020,169
10,074,230	-	-	10,074,230
-	-	-	230,807
-	-	-	43,984,645
10,074,230	1,020,169	891,983	62,912,528
<u>\$ 10,590,120</u>	<u>\$ 1,083,696</u>	<u>\$ 1,182,325</u>	<u>\$ 67,209,498</u>

See accompanying notes

CITY OF TOLLESON, ARIZONA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2021

Total governmental funds balances		\$ 62,912,528
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Amounts reported for governmental activities in the statement
of net position are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds

Governmental capital assets	\$ 108,861,324	
Accumulated depreciation	<u>(49,693,617)</u>	59,167,707

Some revenues are unavailable in the governmental fund
financial statements but recognized when earned in the
statement of activities

369,592

Some liabilities, including net pension liabilities, capital leases, developer
agreement payable, loans payable, and bonds payable, are not due and
payable in the current period and therefore are not reported in the funds.

Net pension liability	(18,912,261)	
Developer agreement payable	(466,373)	
Bonds payable	(20,807,197)	
Compensated absences	<u>(2,367,963)</u>	(42,553,794)

Deferred outflows and inflows of resources related to pensions
and deferred charges on debt refundings are applicable to future
reporting periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	7,360,482	
Deferred inflows of resources related to pensions	<u>(1,289,056)</u>	6,071,426

Total net position of governmental activities		<u><u>\$ 85,967,459</u></u>
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CITY OF TOLLESON, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2021

REVENUES	General	Grants	Public Safety Tax
Taxes:			
Sales taxes	\$ 27,713,897	\$ -	\$ 5,688,100
Property taxes	4,639,955	-	-
Franchise taxes	55,333	-	-
Intergovernmental revenues	1,947,069	768,894	-
Fines and forfeitures	215,889	-	-
Licenses and permits	770,437	-	-
Charges for services	3,062,032	-	294,897
Rents and royalties	54,054	-	-
Contributions and donations	1,270,908	-	-
Investment earnings	55,265	-	2,734
Total revenues	<u>39,784,839</u>	<u>768,894</u>	<u>5,985,731</u>
EXPENDITURES			
Current:			
General government	7,750,092	2,553	-
Public safety	10,793,631	205,771	2,475,374
Highways and streets	874,023	-	-
Culture and recreation	2,602,480	4,000	-
Economic development	1,492,553	-	-
Health and welfare	-	762,709	-
Capital outlay	751,213	100,000	816,151
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Total expenditures	<u>24,263,992</u>	<u>1,075,033</u>	<u>3,291,525</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,520,847</u>	<u>(306,139)</u>	<u>2,694,206</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	21,204	-	-
Transfers in	-	360,569	-
Transfers out	<u>(360,569)</u>	<u>-</u>	<u>-</u>
Total other financing sources and (uses)	<u>(339,365)</u>	<u>360,569</u>	<u>-</u>
Net change in fund balances	15,181,482	54,430	2,694,206
Fund balances - beginning of year	<u>29,330,303</u>	<u>176,377</u>	<u>3,489,348</u>
Fund balances - end of year	<u>\$ 44,511,785</u>	<u>\$ 230,807</u>	<u>\$ 6,183,554</u>

Capital Projects	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 678,000	\$ -	\$ 34,079,997
-	2,878,645	-	7,518,600
-	-	-	55,333
-	-	859,584	3,575,547
-	-	-	215,889
-	-	-	770,437
-	-	-	3,356,929
-	-	-	54,054
-	-	-	1,270,908
3,602	5,945	384	67,930
<u>3,602</u>	<u>3,562,590</u>	<u>859,968</u>	<u>50,965,624</u>
-	-	-	7,752,645
-	-	-	13,474,776
-	-	618,216	1,492,239
-	-	-	2,606,480
-	-	-	1,492,553
-	-	-	762,709
1,492,794	-	-	3,160,158
-	2,447,563	-	2,447,563
-	881,666	-	881,666
<u>1,492,794</u>	<u>3,329,229</u>	<u>618,216</u>	<u>34,070,789</u>
<u>(1,489,192)</u>	<u>233,361</u>	<u>241,752</u>	<u>16,894,835</u>
-	-	-	21,204
-	-	-	360,569
-	-	-	(360,569)
<u>-</u>	<u>-</u>	<u>-</u>	<u>21,204</u>
(1,489,192)	233,361	241,752	16,916,039
<u>11,563,422</u>	<u>786,808</u>	<u>650,231</u>	<u>45,996,489</u>
<u>\$ 10,074,230</u>	<u>\$ 1,020,169</u>	<u>\$ 891,983</u>	<u>\$ 62,912,528</u>

See accompanying notes



CITY OF TOLLESON, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balances - total governmental funds		\$ 16,916,039
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Governmental funds report capital outlays as expenditures. However,
in the statement of activities the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.
This is the difference between depreciation expense and capital outlay
in the current period.

Capital outlay	\$ 3,061,890	
Depreciation expense	<u>(3,068,046)</u>	(6,156)

Governmental funds report the effect of premiums, discounts and similar
items when debt is first issued, whereas these amounts are deferred
and amortized in the Statement of Activities.

Amortization of bond premiums and discounts - net		145,936
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City pension contributions are reported as expenditures in the governmental
funds when made. However, they are reported as deferred outflows of
resources in the Statement of Net Position because the reported net
pension liability is measured a year before the City's report date. Pension
expense, which is the change in the net pension liability adjusted for
changes in deferred outflows and inflows of resources related to pensions,
is reported in the Statement of Activities.

City pension contributions	2,448,668	
City proportionate share of State's appropriation to EORP	22,837	
Pension expense	<u>(4,308,624)</u>	(1,837,119)

Repayment of long-term debt (e.g., bonds, leases, accounts payable)
principal is an expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the statement of net position.

Bond principal repaid	2,447,563	
Developer agreement principal repaid	<u>477,060</u>	2,924,623

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds.

	188,730
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Compensated absences expenses reported in the statement of activities
do not require the use of current financial resources and therefore are
not reported as expenditures in governmental funds.

<u>154,829</u>

Change in net position of governmental activities		<u><u>\$ 18,486,882</u></u>
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Financial Section

PROPRIETARY FUND FINANCIAL STATEMENTS

Enterprise Fund

Water Fund

This fund is used to account for the activities of the City's water utility operations.

Wastewater & Sewer Fund

This fund is used to account for the activities of the City's sewer utility operations.

Sanitation & Trash Fund

This fund is used to account for the activities of the City's sanitation & trash utility operations.



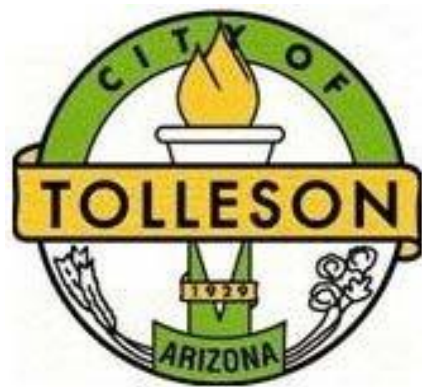
CITY OF TOLLESON, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-type Activities-Enterprise Funds			
	Water	Wastewater and Sewer	Sanitation and Trash	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 9,963,019	\$ 14,324,919	\$ 577,658	\$ 24,865,596
Investments	4,945,738	5,235,546	-	10,181,284
Receivables (net of allowance):				
Accounts receivable	1,152,069	2,445,691	66,982	3,664,742
Interest receivable	11,582	6,058	-	17,640
Taxes receivable	81,058	13,345	-	94,403
Restricted assets	4,004,801	579,374	-	4,584,175
Total current assets	20,158,267	22,604,933	644,640	43,407,840
Noncurrent assets				
Capital assets:				
Non-depreciable	1,126,798	2,806,404	-	3,933,202
Depreciable, net	8,189,462	46,148,840	-	54,338,302
Total noncurrent assets	9,316,260	48,955,244	-	58,271,504
Total assets	29,474,527	71,560,177	644,640	101,679,344
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	272,179	555,654	47,191	875,024
LIABILITIES				
Current liabilities				
Accounts payable	364,032	260,103	154	624,289
Accrued wages and benefits	76,944	152,949	2,567	232,460
Interest payable	-	84,153	-	84,153
Intergovernmental payable	59,937	-	-	59,937
Customer deposits payable	165,219	-	-	165,219
Unearned revenue	6,177	6,559	-	12,736
Compensated absences	70,032	242,318	-	312,350
Loans payable - current portion	-	495,238	-	495,238
Bonds payable - current portion	665,396	40,000	-	705,396
Total current liabilities	1,407,737	1,281,320	2,721	2,691,778
Noncurrent liabilities				
Compensated absences, net of current portion	50,713	175,472	-	226,185
Loans payable, net of current portion	-	4,598,707	-	4,598,707
Bonds payable, net of current portion	3,832,609	382,725	-	4,215,334
Net pension liability	1,430,672	3,170,525	348,818	4,950,015
Total noncurrent liabilities	5,313,994	8,327,429	348,818	13,990,241
Total liabilities	6,721,731	9,608,749	351,539	16,682,019
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	-	31,605	32,007	63,612
NET POSITION				
Net investment in capital assets	8,823,056	43,438,574	-	52,261,630
Restricted for debt service	-	527,112	-	527,112
Restricted for capital projects	-	52,262	-	52,262
Unrestricted	14,201,919	18,457,529	308,285	32,967,733
Total net position	\$ 23,024,975	\$ 62,475,477	\$ 308,285	\$ 85,808,737

See accompanying notes

CITY OF TOLLESON, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-type Activities-Enterprise Funds			
	Water	Wastewater and Sewer	Sanitation and Trash	Total
Operating revenues				
Charges for services	<u>\$ 7,296,769</u>	<u>\$ 6,679,392</u>	<u>\$ 448,320</u>	<u>\$ 14,424,481</u>
Operating expenses				
Salaries, wages and benefits	1,481,021	2,758,979	50,193	4,290,193
Contractual services, materials and supplies	4,023,520	2,029,672	331,336	6,384,528
Depreciation	473,228	1,769,330	8,989	2,251,547
Total operating expenses	<u>5,977,769</u>	<u>6,557,981</u>	<u>390,518</u>	<u>12,926,268</u>
Operating income (loss)	<u>1,319,000</u>	<u>121,411</u>	<u>57,802</u>	<u>1,498,213</u>
Non-operating Revenues (Expenses)				
Property taxes	1,209,006	564,200	-	1,773,206
Investment earnings	27,024	26,689	259	53,972
Interest expense	<u>(153,089)</u>	<u>(181,979)</u>	<u>-</u>	<u>(335,068)</u>
Total nonoperating revenue (expense)	<u>1,082,941</u>	<u>408,910</u>	<u>259</u>	<u>1,492,110</u>
Income (loss) before capital contributions	2,401,941	530,321	58,061	2,990,323
Capital contributions	<u>-</u>	<u>1,217,479</u>	<u>-</u>	<u>1,217,479</u>
Change in net position	2,401,941	1,747,800	58,061	4,207,802
Net position, beginning of year	<u>20,623,034</u>	<u>60,727,677</u>	<u>250,224</u>	<u>81,600,935</u>
Total net position-end of year	<u><u>\$ 23,024,975</u></u>	<u><u>\$ 62,475,477</u></u>	<u><u>\$ 308,285</u></u>	<u><u>\$ 85,808,737</u></u>



CITY OF TOLLESON, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-type Activities-Enterprise Funds			
	Water	Wastewater and Sewer	Sanitation and Trash	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers, service fees	\$ 7,202,036	\$ 5,817,841	\$ 440,438	\$ 13,460,315
Payments for employee wages and benefits	(1,437,414)	(2,592,760)	(48,064)	(4,078,238)
Payments to suppliers	(4,017,794)	(1,879,481)	(331,871)	(6,229,146)
Net cash provided by (used for) operating activities	1,746,828	1,345,600	60,503	3,152,931
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from property taxes	1,194,502	556,823	-	1,751,325
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(411,759)	(1,838,875)	-	(2,250,634)
Capital contributions	-	1,217,479	-	1,217,479
Principal paid on long term debt	(1,051,437)	(625,399)	-	(1,676,836)
Interest paid on long-term debt	(186,138)	(194,363)	-	(380,501)
Net cash provided by (used for) capital and related financing activities	(1,649,334)	(1,441,158)	-	(3,090,492)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	39,629	40,029	259	79,917
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,331,625	501,294	60,762	1,893,681
Cash and cash equivalents at beginning of year	17,581,933	19,638,545	516,896	37,737,374
Cash and cash equivalents at end of year	\$ 18,913,558	\$ 20,139,839	\$ 577,658	\$ 39,631,055

Business-type Activities-Enterprise Funds				
	Water	Wastewater and Sewer	Sanitation and Trash	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Net operating income (loss)	\$ 1,319,000	\$ 121,411	\$ 57,802	\$ 1,498,213
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	473,228	1,769,330	8,989	2,251,547
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase)/decrease in:				
Accounts receivable	(124,450)	(864,699)	(7,882)	(997,031)
Deferred outflows of resources related to pensions	(96,923)	(169,436)	(3,154)	(269,513)
Increase/(decrease) in:				
Accounts payable	745	150,191	(535)	150,401
Accrued wages and benefits	5,945	24,822	217	30,984
Accrued liabilities	4,981	-	-	4,981
Customer deposits	27,330	-	-	27,330
Unearned revenue	2,387	3,148	-	5,535
Compensated absences	(28,980)	19,253	-	(9,727)
Net pension liability	226,484	431,485	7,324	665,293
Deferred outflows of resources related to pensions	(62,919)	(139,905)	(2,258)	(205,082)
Net cash provided by (used for) operating activities:	\$ 1,746,828	\$ 1,345,600	\$ 60,503	\$ 3,152,931
Noncash investing, capital, and financing activities:				
Amortization of bond premium	\$ 33,049	\$ 4,465	\$ -	\$ 37,514
Reconciliation of cash, cash equivalents, and investments to the statement of net position				
Cash and cash equivalents	\$ 9,963,019	\$ 14,324,919	\$ 577,658	\$ 24,865,596
Investments	4,945,738	5,235,546	-	10,181,284
Restricted assets	4,004,801	579,374	-	4,584,175
Total cash, cash equivalents, and investments	\$ 18,913,558	\$ 20,139,839	\$ 577,658	\$ 39,631,055



Financial Section

NOTES TO THE FINANCIAL STATEMENTS



CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City of Tolleson, Arizona (City) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the City's more significant accounting policies follows.

A. Reporting Entity

The City of Tolleson, Arizona is a municipal government that is governed by an elected mayor, vice-mayor, and five-member governing council (council). The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

There are no discretely presented component units and no blended component units.

B. Basis of Presentation – Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

Interfund services provided and used are not eliminated in the process of consolidation for the government-wide financial statements.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The Grants Special Revenue Fund accounts miscellaneous federal and state grants and other contributions that are restricted for specific use.

The Public Safety Tax Special Revenue Fund accounts for the government's sales tax revenues set aside for public safety purposes and related expenditures.

The Capital Projects Fund is used to account for major capital projects of the government and includes proceeds and expenditures of impact fees.

The Debt Service Fund is used to account for the accumulation of resources for and the payment of long-term debt principal, interest and related costs.

The City reports the following major proprietary funds:

The Water Fund accounts for the activities of pumping, treating and distribution of water.

The Wastewater and Sewer Fund accounts for the activities of wastewater collection and treatment.

The Sanitation and Trash Fund is used to account for the activities of the City's sanitation operations.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The City's major revenue sources that are susceptible to accrual are property taxes, special assessments, intergovernmental, charges for services, and investment earnings. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pollution remediation obligations, and asset retirement obligations, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

Sales taxes, franchise taxes, intergovernmental grants and aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

E. Deposits and Investments

Cash includes cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deposits and Investments (Continued)

Cash and investments are pooled except for funds required to be held by fiscal agents or restricted under provisions of bond indentures. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on the average daily cash balances. State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of the deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, towns, or duly organized school districts, improvement districts in this state and the State Treasurer's Local Government Investment Pool. Investments are stated at fair value.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "Internal balances" in the Statement of Net Position and as "Due to" or "Due from" other funds in the fund financial statements. All trade accounts receivable in the proprietary funds are shown net of an allowance for doubtful accounts.

G. Inventories and Prepaid Items

Purchases of inventory items are recorded at the time of purchase as expenditures in the funds from which the purchases were made; and because the amounts on hand at June 30, 2021, were immaterial, they are not included in the balance sheet.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

H. Restricted Assets

Certain proceeds of the City's bonds and loans are classified as restricted assets on the statement of net position because their use is limited by applicable bond or loan covenants.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capitalized assets are recorded at actual cost (or historical cost or estimated historical cost if historical records are not available). Donated capital assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Land, construction in progress, and water rights are not depreciated. The other property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	40 years
Water plant	50 years
Sewer plant	50 years
Furniture, equipment, and vehicles	5 to 20 years
Infrastructure	50 years

J. Deferred Outflows/Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

K. Postemployment benefits

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position of the Arizona State Retirement System (ASRS), Elected Officials Retirement Plan (EORP), and the Public Safety Personnel Retirement System (PSPRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by ASRS, EORP, and PSPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

ASRS, EORP, and PSPRS net OPEB assets/liabilities have not been recorded, or further disclosed, at June 30, 2021 in accordance with GASB Statement 75, due to the relative insignificance to the City's financial statements.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

M. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

N. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance.

Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Manager is authorized to assign amounts to a specific purpose in accordance with the City's budget policy. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Program Revenues

Amounts reported as program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

P. Property taxes

Property taxes are levied by the City and collected by the Maricopa County Treasurer. Property tax revenues are recognized as revenues in the year collected or if collected within 60 days thereafter unless they are prepaid. Maricopa County levies real property taxes on or before the third Monday in August, which become due and payable in two equal installments on October 1 of the current year and March 1 of the subsequent year. Taxes become delinquent after the first business day of November and May, respectively. Interest attaches on installments after the delinquency date. The County also levies various personal property taxes during the year. A lien against property assessed attaches on the first day of January preceding the assessment and levy.

Q. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination. For governmental funds, amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements unless they have matured, for example, as a result of employee resignations and retirements. Vested or accumulated vacation and sick leave in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

R. Proprietary Funds Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

T. Expenditures over Appropriations

Expenditures may not legally exceed budgeted appropriations at the department level. The individual Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual reports found in the required supplementary information and the other supplementary information present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2021, if any.

NOTE 2 CASH AND INVESTMENTS

The following table summarizes the City's cash and investments at June 30, 2021:

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 38,915,930	\$ 24,865,596	\$ 63,781,526
Restricted assets	9,589,689	4,584,175	14,173,864
Investments	13,850,670	10,181,284	24,031,954
Total	<u>\$ 62,356,289</u>	<u>\$ 39,631,055</u>	<u>\$ 101,987,344</u>

Deposits

Cash in bank - At June 30, 2021, the City had \$5,000 of cash on hand. The carrying amount of the City's cash in bank totaled \$9,127,813 and the bank balance was \$10,258,304. Of the bank balance, \$250,000 was covered by Federal Depository Insurance and \$10,008,304 was covered by collateral held in the pledging bank's trust department not in the City's name.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 2 CASH AND INVESTMENTS (Continued)

Investments

The City invests in the Local Government Investment Pool 5 (LGIP), an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. The State Board of Investment provides oversight for the State Treasurer's investment pools. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the City held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy. The LGIP is registered with the Securities Exchange Commission under the 1940 Investment Advisors Act and is rated by Standard & Poors with AAAs/S1+. The Arizona State Treasurer issues a publicly available financial report that includes financial statements and required supplementary information. Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, Arizona 85007.

Funds held in the State Treasurer's Local Government Investment Pool represent a proportionate interest in the pool's portfolio; however, the City's portion is not identified with specific investments and is not subject to custodial credit risk. At June 30, 2021, the City's funds invested with the State Treasurer totaled \$59,566,761.

Restricted assets - At June 30, 2021, the City had restricted cash and cash equivalents of \$4,584,175 which was restricted for debt payments and capital projects and restricted cash and investments of \$9,589,689 which include unspent debt proceeds to be used for capital projects.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 2 CASH AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of City's investments by maturity:

2021 Investment Type	Amount	Remaining Maturity (In Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury Notes	\$ 7,827,004	\$ -	\$ 2,897,937	\$ 4,929,067	\$ -
International Bank of Recon	865,426	-	616,143	249,283	-
Inter-American Development Bank Note	246,061	-	246,061	-	-
Asian Development Bank Note	1,317,612	-	255,390	1,062,222	-
Arizona State Highway Revenue Refunding Bond	231,815	-	-	231,815	-
Port Authority of New York & New Jersey	146,881	-	-	146,881	-
Scottsdale, AZ Taxable GO Bonds	250,125	-	-	250,125	-
African Development Bank Notes	226,806	-	226,806	-	-
Federal Agency Collateralized Mortgage Obligations	2,454,280	670,326	1,083,504	700,450	-
Federal Agency Notes	9,871,621	1,180,854	4,948,290	3,742,477	-
PFM Government Money Market Fund	9,850,139	9,850,139	-	-	-
State Investment Pool (LGIP)	59,566,761	59,566,761	-	-	-
	<u>\$ 92,854,531</u>	<u>\$ 71,268,080</u>	<u>\$ 10,274,131</u>	<u>\$ 11,312,320</u>	<u>\$ -</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 2 CASH AND INVESTMENTS (Continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City does not have a formal investment policy regarding credit risk. However, the City is prohibited by State law from investing in investments other than obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, towns or duly organized school districts, improvement districts in this State and the State Treasurer's Local Investment Pool. Presented below is the actual rating as of year-end for each investment type.

2021 Investment Type	Amount	Rating Agency	Rating
U.S. Treasury Notes	\$ 7,827,004	Moody's	Aaa
International Bank of Recon	865,426	Moody's	Aaa
Inter-American Development Bank Note	246,061	Moody's	Aaa
Asian Development Bank Note	1,317,612	Moody's	Aaa
Arizona State Highway Revenue Refunding Bond	231,815	Moody's	Aa1
Port Authority of New York & New Jersey	146,881	Moody's	Aa3
Scottsdale, AZ Taxable GO Bonds	250,125	Moody's	Aaa
African Development Bank Notes	226,806	Moody's	Aaa
Federal Agency Collateralized Mortgage Obligations	2,454,280	Moody's	Aaa
Federal Agency Notes	9,871,621	Moody's	Aaa
PFM Government Money Market Fund	9,850,139		Unrated
State Investment Pool (LGIP)	59,566,761	Standard and Poors	AAAf/S1+
	<u>\$ 92,854,531</u>		

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 2 CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

At June 30, 2021, the City's investments are included as follows:

Issuer	Reported Amount	Concentration
U.S. Treasury Notes	\$ 7,827,004	8.4%
International Bank of Recon	865,426	0.9%
Inter-American Development Bank Note	246,061	0.3%
Asian Development Bank Note	1,317,612	1.4%
Arizona State Highway Revenue Refunding Bond	231,815	0.2%
Port Authority of New York & New Jersey	146,881	0.2%
Scottsdale, AZ Taxable GO Bonds	250,125	0.3%
African Development Bank Notes	226,806	0.2%
Federal Agency Collateralized Mortgage Obligations	2,454,280	2.6%
Federal Agency Notes	9,871,621	10.6%
PFM Government Money Market Fund	9,850,139	10.6%
State Investment Pool (LGIP)	59,566,761	64.2%
	<u>\$ 92,854,531</u>	<u>100%</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 2 CASH AND INVESTMENTS (Continued)

Fair value measurement

Investments are measured at fair value. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2021:

Investments By Fair Value Level	Amount	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ 7,827,004	\$ -	\$ 7,827,004	\$ -
International Bank of Recon	865,426	-	865,426	-
Inter-American Development Bank Note	246,061	-	246,061	-
Asian Development Bank Note	1,317,612	-	1,317,612	-
Arizona State Highway Revenue Refunding Bond	231,815	-	231,815	-
Port Authority of New York & New Jersey	146,881	-	146,881	-
Scottsdale, AZ Taxable GO Bonds	250,125	-	250,125	-
African Development Bank Notes	226,806	-	226,806	-
Federal Agency Collateralized Mortgage Obligations	2,454,280	-	2,454,280	-
Federal Agency Notes	9,871,621	-	9,871,621	-
Total Investments by Fair Value Level	<u>\$ 23,437,631</u>	<u>\$ -</u>	<u>\$ 23,437,631</u>	<u>\$ -</u>
External Investment Pool Measured at Fair Value				
State Investment Pool (LGIP)	<u>\$ 59,566,761</u>			
Total Investments Measured at Fair Value	<u>83,004,392</u>			
Investments Measured at Amortized Costs				
PFM Government Money Market Fund	<u>9,850,139</u>			
Total Investments	<u>\$ 92,854,531</u>			

Investments categorized as Level 2 are valued using a matrix pricing technique. Matrix pricing is a method of supplying system-generated prices to assets using yield curves that are defined by SEI Investments Company. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the City held. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 3 RECEIVABLES

Intergovernmental receivables consist principally of amounts due from the State of Arizona for various taxes, shared revenues, and highway user revenues.

Receivables, net of no allowances for uncollectible as of year-end for the City's individual major governmental funds and nonmajor governmental funds in the aggregate are as follows:

	General	Grants	Public Safety Tax	Debt Service	Non-Major Gov. Funds	Total Gov. Funds
Receivables:						
Accounts receivable	\$ 351,366	\$ -	\$ 63,964	\$ -	\$ -	\$ 415,330
Interest receivable	29,095	-	-	-	-	29,095
Taxes receivable	136,778	-	612,760	129,257	-	878,795
Intergovernmental receivable	3,166,596	214,233	-	56,500	60,916	3,498,245
	<u>\$ 3,683,835</u>	<u>\$ 214,233</u>	<u>\$ 676,724</u>	<u>\$ 185,757</u>	<u>\$ 60,916</u>	<u>\$ 4,821,465</u>

Accounts receivables in the proprietary funds are for service billings and are shown net of an allowance for doubtful accounts.

	Water Fund	Wastewater and Sewer Fund	Sanitation and Trash Fund	Total Enterprise
Receivables:				
Accounts receivable	\$ 1,172,052	\$ 2,450,119	\$ 68,686	\$ 3,690,857
Interest receivable	11,582	6,058	-	17,640
Taxes receivable	81,058	13,345	-	94,403
Total receivables	1,264,692	2,469,522	68,686	3,802,900
Less: Allowance for doubtful accounts	(19,983)	(4,428)	(1,704)	(26,115)
Net Receivables	<u>\$ 1,244,709</u>	<u>\$ 2,465,094</u>	<u>\$ 66,982</u>	<u>\$ 3,776,785</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 4 CAPITAL ASSETS

The following table summarizes the changes to capital assets for governmental activities during the year:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 6,589,410	\$ 399,900	\$ -	\$ 6,989,310
Construction in progress	443,096	1,593,834	(256,487)	1,780,443
Total capital assets not being depreciated	<u>7,032,506</u>	<u>1,993,734</u>	<u>(256,487)</u>	<u>8,769,753</u>
Capital assets, being depreciated:				
Buildings	23,637,739	-	-	23,637,739
Furniture, equipment, and vehicles	15,303,548	1,357,714	(450,283)	16,210,979
Improvements	60,185,645	86,257	(29,049)	60,242,853
Total capital assets being depreciated	<u>99,126,932</u>	<u>1,443,971</u>	<u>(479,332)</u>	<u>100,091,571</u>
Less accumulated depreciation for:				
Buildings	(6,264,797)	(624,215)	-	(6,889,012)
Furniture, equipment, and vehicles	(11,531,760)	(1,243,374)	349,595	(12,425,539)
Improvements	(29,189,018)	(1,200,457)	10,409	(30,379,066)
Total accumulated depreciation	<u>(46,985,575)</u>	<u>(3,068,046)</u>	<u>360,004</u>	<u>(49,693,617)</u>
Total capital assets, being depreciated, net	<u>52,141,357</u>	<u>(1,624,075)</u>	<u>(119,328)</u>	<u>50,397,954</u>
Governmental activities capital assets, net	<u>\$ 59,173,863</u>	<u>\$ 369,659</u>	<u>\$ (375,815)</u>	<u>\$ 59,167,707</u>

Depreciation expense was charged to the functions/programs of the City as follows:

Governmental activities:	
General government	\$ 370,336
Public safety	1,201,955
Highways and streets	964,466
Culture and recreation	359,837
Economic development	143,396
Health and welfare	<u>28,056</u>
Total depreciation expense	<u>\$ 3,068,046</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 4 CAPITAL ASSETS (Continued)

The following table summarizes the changes to capital assets for business-type activities during the year.

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,933,202	\$ -	\$ -	\$ 3,933,202
Capital assets, being depreciated:				
Buildings	42,489,756	-	-	42,489,756
Improvements other than buildings	17,549,680	176,810	-	17,726,490
Machinery and equipment	42,547,192	1,961,266	(15,238)	44,493,220
Vehicles	1,740,078	112,558	-	1,852,636
Total capital assets being depreciated	104,326,706	2,250,634	(15,238)	106,562,102
Less accumulated depreciation for:				
Buildings	(16,371,864)	(823,713)	-	(17,195,577)
Improvements other than buildings	(8,024,353)	(356,704)	-	(8,381,057)
Machinery and equipment	(24,260,478)	(1,050,666)	15,238	(25,295,906)
Vehicles	(1,330,796)	(20,464)	-	(1,351,260)
Total accumulated depreciation	(49,987,491)	(2,251,547)	15,238	(52,223,800)
Total capital assets, being depreciated, net	54,339,215	(913)	-	54,338,302
Business-Type activities capital assets, net	\$ 58,272,417	\$ (913)	\$ -	\$58,271,504

Depreciation expense was charged to the functions/programs of the City as follows:

Business-type activities	
Wastewater & sewer	\$ 1,769,330
Water	473,228
Sanitation & trash	8,989
Total depreciation expense	<u>\$ 2,251,547</u>

NOTE 5 UNEARNED REVENUE

As of June 30, 2021, the City received \$1,231,051 in Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) from the federal government passed through the State of Arizona for the American Rescue Plan Act (ARPA). These funds are unspent for eligible activities, or revenue recovery, as of June 30, 2021 and included in the Statement of Net Position and the Balance Sheet-Governmental Funds as unearned revenue.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 6 LONG-TERM DEBT

The following is a summary of changes in long-term obligations for the year ended June 30, 2021:

	Balance 6/30/20	Additions	Retirements	Balance 6/30/21	Due Within One Year
Governmental Activities:					
Bonds payable					
Public - General obligation bonds	\$ 14,956,685	\$ -	\$ (1,443,563)	\$ 13,513,122	\$ 1,484,604
Public - General obligation bonds - refunding	2,132,000	-	(584,000)	1,548,000	160,000
Public - Revenue bonds - refunding	4,605,000	-	(420,000)	4,185,000	455,000
Bond premiums	1,707,011	-	(145,935)	1,561,076	-
Total bonds payable	23,400,696	-	(2,593,498)	20,807,198	2,099,604
Compensated absences	2,522,790	807,977	(962,804)	2,367,963	568,310
Developer agreement payable	943,434	-	(477,061)	466,373	466,374
Net pension liability	15,808,838	3,103,423	-	18,912,261	-
Total other long term debt	19,275,062	3,911,400	(1,439,865)	21,746,597	1,034,684
Total Governmental Activities	<u>\$ 42,675,758</u>	<u>\$ 3,911,400</u>	<u>\$ (4,033,363)</u>	<u>\$ 42,553,795</u>	<u>\$ 3,134,288</u>
Business-type Activities:					
Bonds payable					
Public - General obligation bonds	\$ 5,293,315	\$ -	\$ (1,051,437)	\$ 4,241,878	\$ 665,396
Public - General obligation bonds - refunding	533,000	-	(146,000)	387,000	40,000
Bond premiums	329,366	-	(37,514)	291,852	-
Total bonds payable	6,155,681	-	(1,234,951)	4,920,730	705,396
Loans payable	5,573,343	-	(479,398)	5,093,945	495,238
Compensated absences	548,260	181,631	(191,356)	538,535	312,350
Net pension liability	4,284,722	665,293	-	4,950,015	-
Total other long term debt	10,406,325	846,924	(670,754)	10,582,495	807,588
Total Business-type Activities	<u>\$ 16,562,006</u>	<u>\$ 846,924</u>	<u>\$ (1,905,705)</u>	<u>\$ 15,503,225</u>	<u>\$ 1,512,984</u>
Total long-term liabilities	<u>\$ 59,237,764</u>	<u>\$ 4,758,324</u>	<u>\$ (5,939,068)</u>	<u>\$ 58,057,020</u>	<u>\$ 4,647,272</u>

Generally, for governmental activities, compensated absences, developer agreement payable, and net pension liabilities are liquidated by the General Fund.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 6 LONG-TERM DEBT (Continued)

The Governmental Activities debt service requirements for the City's bonds payable are as follows:

Fiscal year ending June 30,	General Obligation Bonds		General Obligation Bonds - Refunding	
	Principal	Interest	Principal	Interest
2022	\$ 1,484,604	\$ 549,275	\$ 160,000	\$ 43,110
2023	1,554,376	489,891	172,000	36,710
2024	1,574,142	436,716	176,000	33,270
2025	475,000	382,250	188,000	26,230
2026	500,000	358,500	196,000	22,470
2027 - 2031	2,850,000	1,405,250	656,000	27,010
2032 - 2036	3,500,000	745,000	-	-
2037 - 2038	1,575,000	95,000	-	-
Total	<u>\$ 13,513,122</u>	<u>\$ 4,461,882</u>	<u>\$ 1,548,000</u>	<u>\$ 188,800</u>

Fiscal year ending June 30,	Revenue Bonds - Refunding		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2022	\$ 455,000	\$ 167,400	\$ 2,099,604	\$ 759,785
2023	475,000	149,200	2,201,376	675,801
2024	495,000	130,200	2,245,142	600,186
2025	510,000	110,400	1,173,000	518,880
2026	530,000	90,000	1,226,000	470,970
2027 - 2031	1,720,000	139,600	5,226,000	1,571,860
2032 - 2036	-	-	3,500,000	-
2037 - 2038	-	-	1,575,000	95,000
Total	<u>\$ 4,185,000</u>	<u>\$ 786,800</u>	<u>\$ 19,246,122</u>	<u>\$ 4,692,482</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 6 LONG-TERM DEBT (Continued)

The Business-type Activities debt service requirements for the City's bonds and loans payable are as follows:

Fiscal year ending June 30,	General Obligation Bonds		General Obligation Bonds - Refunding	
	Principal	Interest	Principal	Interest
2022	\$ 665,396	\$ 133,400	\$ 40,000	\$ 10,778
2023	695,624	106,784	43,000	9,178
2024	715,858	85,359	44,000	8,318
2025	335,000	56,725	47,000	6,558
2026	345,000	50,025	49,000	5,618
2027 - 2030	1,485,000	91,225	164,000	6,750
Total	<u>\$ 4,241,878</u>	<u>\$ 523,518</u>	<u>\$ 387,000</u>	<u>\$ 47,200</u>

Fiscal year ending June 30,	Loans payable		Total Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 495,238	\$ 151,941	\$ 1,200,634	\$ 296,119
2023	511,601	135,038	1,250,225	251,000
2024	528,504	117,576	1,288,362	211,253
2025	545,967	99,543	927,967	162,826
2026	564,005	80,902	958,005	136,545
2027 - 2031	2,448,630	124,636	4,097,630	222,611
Total	<u>\$ 5,093,945</u>	<u>\$ 709,636</u>	<u>\$ 9,722,823</u>	<u>\$ 1,280,354</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 6 LONG-TERM DEBT (Continued)

The following is a listing of loans and bonds payable outstanding as of June 30, 2021:

	Balance 6/30/21	Due Within One Year
Loans payable:		
Water Infrastructure Finance Authority of Arizona (WIFA) General Obligation Loan, issued \$5,600,000, due in semi-annual variable principal and interest installments, bearing interest at 3.304%, maturing July 1, 2029. Payable with revenues from levied ad valorem taxes.	\$ 2,971,468	\$ 288,889
Water Infrastructure Finance Authority of Arizona (WIFA) Revenue Loan, issued \$4,000,000, due in semi-annual variable principal and interest installments, bearing interest at 3.304%, maturing July 1, 2029. Payable with sewer utility revenues.	2,122,477	206,349
Total loans payable	<u>\$ 5,093,945</u>	<u>\$ 495,238</u>
Bonds Payable:		
Pledge Revenue Refunding Obligations, Series 2020, issued \$4,605,000, due in annual principal and semi-annual interest installments ranging from \$616,800 to \$625,200, bearing interest at 4.0%, maturing on July 1, 2029. Revenue bonds are repaid from City and State-shared sales tax revenue. The reacquisition price exceeded the net carrying amount of the old debt and was expensed to interest expense due to its relative significance to the City's Statements. The refunding reduced its total debt service payments by \$777,415 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$718,941.	\$ 4,185,000	\$ 455,000
General Obligation Bonds and General Obligation Refunding Bonds, Series 2020, issued \$3,820,000 in general obligation bonds and \$2,665,000 in general obligation refunding bonds, due in annual principal and semi-annual installments ranging from \$253,888 to \$820,704, bearing interest at 1.75% to 4.00%, maturing July 1, 2030. The City issued the general obligation bonds for capital infrastructure. The City repays general obligation bonds from voter-approved property taxes. Of the general obligation bond amounts originally authorized, \$45,120,000 remain unissued. The reacquisition price of the refunding bonds exceeded the net carrying amount of the old debt and was expensed to interest expense due to its relative significance to the City's Statements. The refunding reduced its total debt service payments by \$307,306 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$291,060.	5,050,000	505,000
General Obligation Bonds, Series 2011, issued \$18,570,000, due in annual principal payments beginning July 1, 2018 and semi-annual interest installments beginning July 1, 2012 ranging from \$211,023 to \$1,601,600, bearing interest at 3.0% to 4.0%, maturing July 1, 2024. The City issued the general obligation bonds for capital infrastructure. The City repays general obligation bonds from voter-approved property taxes.	4,440,000	1,420,000
General Obligation Bonds, Series 2019, issued \$10,850,000, due in annual principal payments beginning July 1, 2020 and semi-annual interest installments beginning July 1, 2019 ranging from \$162,342 to \$858,750, bearing interest at 3.0% to 4.0%, maturing July 1, 2038. The City issued the general obligation bonds for capital infrastructure. The City repays general obligation bonds from voter-approved property taxes.	10,200,000	425,000
Total bonds payable	<u>\$ 23,875,000</u>	<u>\$ 2,805,000</u>
Total loans and bonds payable	<u>\$ 28,968,945</u>	<u>\$ 3,300,238</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 6 LONG-TERM DEBT (Continued)

Legal Debt Margin

The City is subject to a debt limit that is 26 percent of the net secondary assessed valuation of taxable real property. At June 30, 2021, that amount was \$95,867,014. As of June 30, 2021, the total outstanding debt applicable to the limit was \$24,008,903 which is 25.04 percent of the total debt limit.

NOTE 7 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Short-term borrowings between funds are reported as due to/due from other funds. As of June 30, 2021, the City reported the following interfund receivables and payables:

Due to	Due from
General Fund	Grants Fund
\$	25,000

Interfund transfers for the fiscal year ended June 30, 2021 are as follows:

Fund	Transfers Out	Transfers In
General Fund	\$ 360,569	\$ -
Grants Fund	-	360,569
Total	\$ 360,569	\$ 360,569

Transfers were made to fund local matching requirements on various grants and to support operations.

NOTE 8 PENSIONS

The City contributes to the plans described below. The plans are component units of the State of Arizona.

At June 30, 2021, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-type Activities	Total
Net pension liabilities	\$ 18,912,261	\$ 4,950,015	\$ 23,862,276
Deferred outflows of resources	7,360,482	875,024	8,235,506
Deferred inflows of resources	1,289,056	63,612	1,352,668
Pension expense	4,308,624	506,557	4,815,181

The City reported \$2,448,668 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

Net OPEB asset/liabilities have not been recorded, or further disclosed, at June 30, 2021 in accordance with GASB Statement 75, due to the relative insignificance to the City's financial statements.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

A. Arizona State Retirement System

Plan Description – City employees not covered by the other pension plan described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at www.azasrs.gov.

Benefits Provided - The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

ASRS	Retirement	
	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* any years age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*with actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2021, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.22 percent (12.04 percent for retirement and 0.18 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance premium benefit, and 0.18 percent for long-term disability) of the active members' annual covered payroll. In addition, the City was required by statute to contribute at the actuarially determined rate of 10.21 percent (10.14 percent for retirement, 0.07 percent for health insurance premium benefit, and 0.07 percent for long-term disability) of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the ASRS would typically fill. The City's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2021 were \$1,115,170, \$37,332, and \$17,230, respectively.

During fiscal year 2021, the City paid for ASRS pension contributions as follows: 69 percent from the General Fund, 3 percent from other Non-Major Funds, 10 percent from the Water Fund, 14 percent from the Sewer Fund, and 4 percent from the Sanitation Fund.

Pension Liability - At June 30, 2021, the City reported a liability of \$15,178,031 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020. The City's proportion of the net pension liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The City's proportion measured as of June 30, 2020, was 0.0876 percent, which was a decrease of 0.00101 percent from its proportion measured as of June 30, 2019.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2021, the City recognized pension expense for ASRS of \$1,756,539. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 137,312	\$ -
Net difference between projected and actual earnings on pension plan investments	1,463,939	-
Changes in proportion and differences between City contributions and proportionate share of contributions	144,122	101,015
City contributions subsequent to the measurement date	1,115,170	-
Total	<u>\$ 2,860,543</u>	<u>\$ 101,015</u>

The \$1,115,170 reported as deferred outflows of resources related to ASRS pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Years ending June 30,	
2022	\$ 260,994
2023	401,053
2024	529,522
2025	452,789
2026	-
Thereafter	-

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

Actuarial Assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows:

ASRS

Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 20, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7 - 7.2% for pensions
Inflation	2.3%
Permanent benefit increase	Included for pensions
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not Applicable

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

ASRS Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50%	6.39%
Fixed income - credit	20%	5.44%
Fixed income - interest rate sensitive	10%	0.22%
Real estate	20%	5.85%
Total	100%	

Discount Rate –The discount rate used to measure the ASRS total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

Sensitivity of City's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

ASRS	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% increase (8.5%)
City's proportionate share of the net pension liability	\$ 20,755,752	\$ 15,178,032	\$ 10,515,344

Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in the separately issued ASRS financial report.

B. Public Safety Personnel Retirement System

Plan Description – City police and fire department employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers an agent and cost-sharing multiple-employer defined benefit pension plan and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who are PSPRS members participate in the agent plans. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the City's financial statements

The PSPRS issues a publicly available financial report that include their financial statements and required supplementary information. The reports are available on the PSPRS web site at www.psprs.com.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

B. Public Safety Personnel Retirement System

Benefits Provided - The PSPRS provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Retirement and Disability		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20.	
Survivor Benefits		
Retired Members	80% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

Employees Covered by Benefit Terms - At June 30, 2021, the following employees were covered by the agent plans' benefit terms:

	PSPRS Police	PSPRS Fire
Inactive employees or beneficiaries currently receiving benefits	11	8
Inactive employees entitled to but not yet receiving benefits	4	6
Active employees	21	22
Total	36	36

Contributions - State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2021, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police	PSPRS Fire
Active members - Pension	7.65% - 11.65%	7.65% - 11.65%
City		
Pension	24.96%	24.09%
Health insurance permium benefit	0.30%	0.29%

In addition, the City was required by statute to contribute at the actuarially determined rate of 9.35 percent for Police and Fire of the PSPRS of annual covered payroll of retired members who worked for the City in positions that would typically fill and employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the City's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

For the agent plans, the City's contributions to the plans for the year ended June 30, 2021, were:

	PSPRS Police	PSPRS Fire
Pension		
Contributions made	\$ 926,646	\$ 663,157
Health Insurance Premium Benefit		
Annual OPEB cost contributions made	6,610	6,640

During fiscal year 2021, the City paid 100 percent of the PSPRS pension and OPEB contributions from the General Fund.

Pension Liability - At June 30, 2021, the City reported a PSPRS net pension liabilities of \$7,810,839.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows:

PSPRS

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5% for pensions
Price inflation	2.5% for pensions
Cost-of-living adjustment	1.75% for pensions
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS Asset Class	Target Allocation	Long-Term Expected Geometric Rate of Return
U.S. public equity	23%	4.93%
International public equity	15%	6.09%
Global public equity	18%	8.42%
Other assets (capital appreciation)	7%	5.61%
Core bonds	2%	0.22%
Private credit	22%	5.31%
Diversifying strategies	12%	3.22%
Cash - Mellon	1%	-0.60%
Total	100%	

Discount Rates – At June 30, 2020, the discount rate used to measure the PSPRS total pension liabilities was 7.3 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

Changes in the Net Pension Liability

PSPRS - Police	Pension Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 14,604,583	\$ 11,326,218	\$ 3,278,365
Adjustments to beginning of year	-	(21,322)	21,322
Changes for the year:			
Service cost	416,974	-	416,974
Interest on the total liability	1,078,433	-	1,078,433
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the liability	517,687	-	517,687
Contributions - employer	-	1,150,934	(1,150,934)
Contributions - employee	-	171,055	(171,055)
Net investment income	-	147,349	(147,349)
Benefit payments, including refunds of employee contributions	(496,998)	(496,998)	-
Administrative expense	-	(12,017)	12,017
Net changes	1,516,096	960,323	555,773
Balances at June 30, 2021	<u>\$ 16,120,679</u>	<u>\$ 12,265,219</u>	<u>\$ 3,855,460</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

Changes in the Net Pension Liability (Continued)

PSPRS - Fire	Pension Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 18,188,237	\$ 15,088,086	\$ 3,100,151
Changes for the year:			
Service cost	476,161	-	476,161
Interest on the total liability	1,328,189	-	1,328,189
Differences between expected and actual experience in the measurement of the liability	380,523	-	380,523
Contributions - employer	-	955,240	(955,240)
Contributions - employee	-	200,466	(200,466)
Net investment income	-	189,383	(189,383)
Benefit payments, including refunds of employee contributions	(940,062)	(940,062)	-
Administrative expense	-	(15,444)	15,444
Net changes	1,244,811	389,583	855,228
Balances at June 30, 2021	<u>\$ 19,433,048</u>	<u>\$ 15,477,669</u>	<u>\$ 3,955,379</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate - The following table presents the City's net pension liabilities calculated using the discount rate of 7.3 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% increase (8.30%)
PSPRS - Police			
Net pension liability	\$ 6,160,070	\$ 3,855,460	\$ 1,981,319
PSPRS - Fire			
Net pension liability	\$ 6,673,950	\$ 3,955,379	\$ 1,735,913

Pension Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in the separately issued PSPRS financial reports.

Pension Expense - For the year ended June 30, 2021, the City recognized \$1,897,748 of PSPRS pension expense.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

Pension Deferred Outflows/Inflows of Resources - At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Police		
Differences between expected and actual experience	\$ 709,062	\$ 302,085
Changes of assumptions or other inputs	424,954	-
Net difference between projected and actual earnings on pension plan investments	677,440	-
City contributions subsequent to the measurement date	926,646	-
Total	<u>\$ 2,738,102</u>	<u>\$ 302,085</u>
PSPRS - Fire		
Differences between expected and actual experience	\$ 444,280	\$ 948,853
Changes of assumptions or other inputs	581,192	-
Net difference between projected and actual earnings on pension plan investments	854,178	-
City contributions subsequent to the measurement date	663,157	-
Total	<u>\$ 2,542,807</u>	<u>\$ 948,853</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

Pension Deferred Outflows/Inflows of Resources (Continued) - The amounts reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PSPRS Police
Year ending June 30,	
2022	\$ 366,066
2023	349,477
2024	347,129
2025	320,104
2026	126,595
Thereafter	-

	PSPRS Fire
Year ending June 30,	
2022	\$ 272,021
2023	308,656
2024	249,851
2025	144,269
2026	(44,000)
Thereafter	-

C. Elected Officials Retirement Plan

Plan description—Elected officials and judges participate in the Elected Officials Retirement Plan (EORP). EORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple employer defined benefit health insurance premium benefit (OPEB) plan for elected officials and judges who were members of the plan on December 31, 2013. This plan was closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the EORP plans. The report is available on PSPRS's website at www.psprs.com.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

Benefits provided - The EORP provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

Retirement and Disability	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Years of service and age required to receive benefit	20 years, any age 10 years, age 62 5 years, age 65 5 years, any age* any years and age if disabled	10 years, age 62 5 years, age 65 any years and age if disabled
Final average salary is based on	Highest 36 months of last 10 years	Highest 60 months of last 10 years
Benefit percent		
Normal Retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability Retirement	80% with 10 or more years of service 40% with 5-10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5 with 5-10 years of service 18.75% with less than 5 years of service
Survivor Benefits		
Retired Members	75% of retired member's benefit	50% of retired member's benefit
Active Members and other inactive members	75% of disability retirement benefit	50% of disability retirement benefit

* With reduced benefits of 0.25% for each month early retirement precedes the member's normal retirement age, with a maximum reduction of 30%

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

Contributions - State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2021, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the City to contribute at the actuarially determined rate of 61.43 percent of all active EORP members' annual covered payroll. Also, statute required the City to contribute 49.39 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 55.43 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the City's required contributions to ASRS and EODCRS for these elected officials and judges.

During fiscal year 2021, the City paid 100 percent of the EORP pension contributions from the General Fund.

Liability - At June 30, 2021, the City reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the City's proportionate share of the State's appropriation for EORP. The amount the City recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the EORP net pension liability	\$ 873,419
State's proportionate share of the EORP net pension liability associated with the City	81,632
Total	<u>\$ 955,051</u>

The net liability was measured as of June 30, 2020, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

The City's proportion of the net pension liability was based on the City's required contributions to the pension plan relative to the total of all participating employers' required contributions for the year ended June 30, 2020. The City's proportion measured as of June 30, 2020, was 0.129403 percent, which was a increase of 0.005346 percent from its proportion measured as of June 30, 2019.

Expense—For the year ended June 30, 2021, the City recognized pension expense for EORP of \$203,325 and revenue of \$22,837 for the City's proportionate share of the State's appropriation to EORP and the designated court fees.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

Deferred outflows/inflows of resources - At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EORP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 717
Net difference between projected and actual earnings on pension plan investments	16,832	-
Changes in proportion and differences between City contributions and proportionate share of contributions	17,671	-
City contributions subsequent to the measurement date	59,552	-
Total	<u>\$ 94,055</u>	<u>\$ 717</u>

The \$59,552 reported as deferred outflows of resources related to EORP pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Years ending June 30,	EORP
2022	\$ 19,261
2023	5,425
2024	5,307
2025	3,793
2026	-
Thereafter	-

Actuarial assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows:

EORP	
Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.75% for pensions
Price inflation	2.5% for pensions
Cost-of-living adjustment	1.75% for pensions
Mortality rates	PubG-2010 tables
Healthcare cost trend rate	Not applicable

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

The long-term expected rate of return on EORP plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

EORP Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
U.S. Public Equity	23%	4.93%
International Public Equity	15%	6.09%
Global Private Equity	18%	8.42%
Other Assets (Capital Appreciation)	7%	5.61%
Core Bonds	2%	0.22%
Private credit	22%	5.31%
Diversifying Strategies	12%	3.22%
Cash-Mellon	1%	-0.60%
Total	100%	

Discount rate - At June 30, 2020, the discount rate used to measure the EORP total pension liability was 7.30 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarial rates, and State contributions will be made as currently required by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 PENSIONS (Continued)

Sensitivity of the City's proportionate share of the EORP net pension liability to changes in the discount rate —The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.3 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

EORP	1% Decrease (6.3%)	Current Discount Rate (7.3%)	1% increase (8.3%)
City's proportionate share of the net pension liability	\$ 996,389	\$ 873,419	\$ 768,276

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued EORP financial report.

NOTE 9 COMMITMENTS

The City has a commitment relating to the construction of a new City Hall complex for approximately \$20,738,000 to be financed from the capital project funds. Additionally, the City has commitments for a vehicle for approximately \$101,000 that will be financed from operating funds. These contracts will be paid in future periods.

NOTE 10 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the City is a participating member. The limit for basic coverage is for \$2,000,000 per occurrence on a claims made basis. Excess coverage is for an additional \$8,000,000 per occurrence on a follow form, claims made basis. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years. The Arizona Municipal Risk Retention Pool is structured such that members premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its members additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

The City is also insured by commercial insurance for potential worker related accidents.

Financial Section

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

GENERAL FUND

GRANTS FUND

PUBLIC SAFETY TAX FUND

PENSION SCHEDULES



CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES- BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Sales taxes	\$ 22,000,000	\$ 22,000,000	\$ 27,713,897	\$ 5,713,897
Property taxes	4,699,387	4,699,387	4,639,955	(59,432)
Franchise taxes	40,000	40,000	55,333	15,333
Intergovernmental revenues	1,836,520	1,836,520	1,947,069	110,549
Fines and forfeitures	234,000	234,000	215,889	(18,111)
Licenses and permits	535,000	535,000	770,437	235,437
Charges for services	1,512,509	1,512,509	3,062,032	1,549,523
Rents and royalties	67,000	67,000	54,054	(12,946)
Other revenues:				
Contributions and donations	45,000	45,000	1,270,908	1,225,908
Investment earnings	257,000	257,000	55,265	(201,735)
Other revenues	5,000	5,000	-	(5,000)
TOTAL REVENUES	31,231,416	31,231,416	39,784,839	8,553,423
EXPENDITURES				
Current:				
General Government				
Mayor & Council	522,100	522,100	405,837	116,263
City Management	680,950	680,950	580,148	100,802
Public Affairs Admin	529,470	529,470	434,918	94,552
Housing Services	782,630	782,630	227,495	555,135
City Clerk	387,300	387,300	358,437	28,863
Employee Resources	615,725	615,725	534,762	80,963
City Magistrate	264,400	264,400	212,934	51,466
Court Administration	567,545	567,545	442,222	125,323
City Prosecutor	85,500	85,500	85,500	-
Finance	898,170	898,170	761,718	136,452
Information Technology	837,000	837,000	798,931	38,069
Field Operations Vehicles	526,400	526,400	479,054	47,346
Field Operations Grounds	773,140	773,140	720,169	52,971
Field Operations Building	876,700	1,026,700	1,003,416	23,284
Human Services	789,800	794,800	634,678	160,122
Non Profit Donations	62,000	62,000	24,948	37,052
Employee Development Relations	87,000	87,000	44,925	42,075
Total General Government	9,285,830	9,440,830	7,750,092	1,690,738

Public Safety				
Police Administration	551,650	551,650	521,230	30,420
Police Support Services	2,558,100	2,558,100	2,079,004	479,096
Police Investigation	677,200	677,200	655,334	21,866
Police Field Operations	2,511,400	2,511,400	2,484,994	26,406
Fire Administration	986,060	986,060	929,071	56,989
Fire Operations	3,812,450	3,812,450	3,750,330	62,120
Buildings Inspection	393,500	393,500	337,335	56,165
Impound	50,710	50,710	36,333	14,377
Total Public Safety	<u>11,541,070</u>	<u>11,541,070</u>	<u>10,793,631</u>	<u>747,439</u>
Highway & streets				
Field Operations Streets	919,450	919,450	808,891	110,559
Transportation	490,000	340,000	65,132	274,868
Total Highway & streets	<u>1,409,450</u>	<u>1,259,450</u>	<u>874,023</u>	<u>385,427</u>
Culture & recreation				
Library	925,500	925,500	773,419	152,081
Parks and Recreation	2,248,500	2,248,500	1,611,276	637,224
Teen Council	265,440	265,440	171,796	93,644
City Promotion	557,600	557,600	45,989	511,611
Total Culture & recreation	<u>3,997,040</u>	<u>3,997,040</u>	<u>2,602,480</u>	<u>1,394,560</u>
Economic development				
Economic Development	1,169,350	1,169,350	1,163,486	5,864
Planning & Engineering	340,775	340,775	329,067	11,708
Total Economic development	<u>1,510,125</u>	<u>1,510,125</u>	<u>1,492,553</u>	<u>17,572</u>
Capital outlay	<u>8,786,000</u>	<u>8,503,375</u>	<u>751,213</u>	<u>7,752,162</u>
TOTAL EXPENDITURES	<u>36,529,515</u>	<u>36,251,890</u>	<u>24,263,992</u>	<u>11,987,898</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,298,099)</u>	<u>(5,020,474)</u>	<u>15,520,847</u>	<u>(3,434,475)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	5,000	5,000	21,204	16,204
Transfers out	<u>(456,693)</u>	<u>(456,693)</u>	<u>(360,569)</u>	<u>96,124</u>
Total other financing sources (uses)	<u>(451,693)</u>	<u>(451,693)</u>	<u>(339,365)</u>	<u>112,328</u>
Net change in fund balance	<u>(5,749,792)</u>	<u>(5,472,167)</u>	<u>15,181,482</u>	<u>(3,322,147)</u>
Fund balance - beginning of year	<u>29,330,303</u>	<u>29,330,303</u>	<u>29,330,303</u>	<u>-</u>
Fund balance - end of year	<u>\$ 23,580,511</u>	<u>\$ 23,858,136</u>	<u>\$ 44,511,785</u>	<u>\$ (3,322,147)</u>

CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
REVENUES	Original	Final	Actual Amounts	
Intergovernmental revenues	\$ 1,236,670	\$ 1,236,670	\$ 768,894	\$ (467,776)
EXPENDITURES				
Current:				
General government	-	10,000	2,553	7,447
Public safety	269,555	376,180	205,771	170,409
Culture and recreation	-	4,000	4,000	-
Health and welfare	962,808	1,070,808	762,709	308,099
Capital outlay	461,000	461,000	100,000	361,000
Total expenditures	1,693,363	1,921,988	1,075,033	846,955
Excess (deficiency) of revenues over (under) expenditures	(456,693)	(685,318)	(306,139)	379,179
OTHER FINANCING SOURCES (USES)				
Transfers in	456,693	456,693	360,569	(96,124)
Net change in fund balance	-	(228,625)	54,430	283,055
Fund balance - beginning of year	176,377	176,377	176,377	-
Fund balance - end of year	\$ 176,377	\$ (52,248)	\$ 230,807	\$ 283,055

CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC SAFETY TAX FUND SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Sales taxes	\$ 3,500,000	\$ 3,500,000	\$ 5,688,100	\$ 2,188,100
Charges for services	60,000	60,000	294,897	234,897
Investment earnings	-	-	2,734	2,734
Total revenues	3,560,000	3,560,000	5,985,731	2,425,731
EXPENDITURES				
Public safety				
Services, supplies and other	2,501,955	2,501,955	2,475,374	26,581
Capital outlay	622,500	921,500	816,151	105,349
Total expenditures	3,124,455	3,423,455	3,291,525	131,930
Excess (deficiency) of revenues over (under) expenditures	435,545	136,545	2,694,206	2,557,661
Fund balance - beginning of year	3,489,348	3,489,348	3,489,348	-
Fund balance - end of year	\$ 3,924,893	\$ 3,625,893	\$ 6,183,554	\$ 2,557,661

CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
Year Ended June 30, 2021

NOTE 1 BUDGETING AND BUDGETARY CONTROL

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end. The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget for the fiscal year commencing the following July 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in August, the expenditure limitation for the City is legally enacted through passage of an ordinance. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total City expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. State law requires that, each year, prior to April 1, the Economic Estimates Commission provides the government with a final expenditure limit for the coming fiscal year.
5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management purposes, the City adopts a budget by department for the General Fund and in total by fund for other funds. The City Manager, subject to City Council approval, may at any time, transfer any unencumbered appropriation balance or portion thereof between a department or activity. The adopted budget cannot be amended in any way without City Council approval.
6. The City has adopted budgets in accordance with A.R.S. requirements and utilizes the budgets as a management control device during the year for the General, Special Revenue, Debt Service and Capital Projects Funds. The budgets are prepared on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The City is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the City to spend more than budgeted revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The City complied with this law during the year.

Supplementary budgetary appropriations were necessary during the year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

NOTE 2 BUDGETARY BASIS OF ACCOUNTING

The City's budget is prepared on a basis consistent with generally accepted accounting principles.



CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY COST-SHARING PENSION PLAN
Year Ended June 30, 2021

Arizona Retirement System

	Reporting Fiscal Year (Measurement date)							2014 through 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
City's proportion of the net pension liability	0.087600%	0.088600%	0.085460%	0.081630%	0.078415%	0.077390%	0.074250%	Information
City's proportionate share of the net pension liability	\$15,178,031	\$12,892,331	\$11,918,662	\$12,716,363	\$12,656,162	\$12,054,148	\$10,986,414	not
City's covered payroll	9,432,777	8,852,549	8,894,734	7,951,763	7,592,673	6,969,789	6,799,467	available*
City's proportionate share of the net pension liability as a percentage of its covered payroll	160.91%	145.63%	134.00%	159.92%	166.69%	172.95%	161.58%	
Plan fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

Elected Officials Retirement Plan

	Reporting Fiscal Year (Measurement date)							2014 through 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
City's proportion of the net pension liability	0.129403%	0.124057%	0.101939%	0.093390%	0.069212%	0.060990%	0.081390%	Information
City's proportionate share of the net pension liability	\$ 873,419	\$ 822,724	\$ 642,356	\$ 1,144,221	\$ 653,884	\$ 476,603	\$ 545,776	not
State's proportionate share of the net pension liability associated with the City	81,632	77,327	110,064	237,474	135,009	148,585	167,340	available*
Total	<u>\$ 955,051</u>	<u>\$ 900,051</u>	<u>\$ 752,420</u>	<u>\$ 1,381,695</u>	<u>\$ 788,893</u>	<u>\$ 625,188</u>	<u>\$ 713,116</u>	
City's covered payroll	\$ 95,956	\$ 103,771	\$ 87,413	\$ 77,094	\$ 55,562	\$ 54,621	\$ 57,464	
City's proportionate share of the net pension liability as a percentage of its covered payroll	910.23%	792.83%	734.85%	1484.20%	1176.86%	872.56%	949.77%	
Plan fiduciary net position as a percentage of the total pension liability	29.80%	30.14%	30.36%	19.66%	23.42%	28.32%	31.91%	

* Additional years' information will be displayed as it becomes available

See accompanying notes to pension plan schedules.

CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS AGENT PENSION PLAN
Year Ended June 30, 2021

City of Tolleson Police Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)						
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Total pension liability							
Service cost	\$ 416,974	\$ 489,506	\$ 465,683	\$ 473,995	\$ 398,983	\$ 385,782	\$ 381,895
Interest on the total pension liability	1,078,433	1,007,765	892,898	863,811	764,905	708,237	606,076
Changes on benefit terms	-	-	-	40,808	530,259	-	164,727
Differences between expected and actual experience in the measurement of the pension liability	517,687	(86,018)	457,983	(650,605)	28,330	91,845	(166,928)
Changes of assumptions or other inputs	-	285,936	-	357,571	453,240	-	792,851
Benefit payments, including refunds of employee contributions	(496,998)	(443,086)	(598,856)	(466,574)	(412,948)	(528,208)	(430,081)
Net change in total pension liability	1,516,096	1,254,103	1,217,708	619,006	1,762,769	657,656	1,348,540
Total pension liability - beginning	14,604,583	13,350,480	12,132,772	11,513,766	9,750,997	9,093,341	7,744,801
Total pension liability - ending (a)	\$ 16,120,679	\$ 14,604,583	\$ 13,350,480	\$ 12,132,772	\$ 11,513,766	\$ 9,750,997	\$ 9,093,341
Plan fiduciary net position							
Contributions - employer	\$ 1,150,934	\$ 1,127,202	\$ 1,922,331	\$ 1,513,489	\$ 1,161,744	\$ 454,309	\$ 426,364
Contributions - employee	171,055	182,744	185,088	230,920	238,489	217,506	201,353
Net investment income	147,349	550,647	566,510	753,490	31,927	179,481	577,456
Benefit payments, including refunds of employee contributions	(496,998)	(443,086)	(598,856)	(466,574)	(412,948)	(528,208)	(430,081)
Hall/Parker Settlement	-	-	(254,140)	-	-	-	-
Administrative expense	(12,017)	(10,566)	(9,322)	(7,067)	(4,993)	(4,761)	-
Other changes	-	-	99	78	(34,989)	(78,507)	(4,650)
Net change in plan fiduciary net position	960,323	1,406,941	1,811,710	2,024,336	979,230	239,820	770,442
Plan fiduciary net position - beginning	11,326,218	9,924,324	8,112,614	6,088,278	5,109,048	4,869,228	4,098,786
Adjustments to beginning of year	(21,322)	(5,047)	-	-	-	-	-
Plan fiduciary net position - ending (b)	12,265,219	11,326,218	9,924,324	8,112,614	6,088,278	5,109,048	4,869,228
City's net pension liability - ending (a) - (b)	\$ 3,855,460	\$ 3,278,365	\$ 3,426,156	\$ 4,020,158	\$ 5,425,488	\$ 4,641,949	\$ 4,224,113
Plan fiduciary net position as a percentage of the total pension liability	76.08%	77.55%	74.34%	66.87%	52.88%	52.40%	53.55%
Covered payroll	\$ 1,886,156	\$ 1,879,940	\$ 2,091,078	\$ 2,044,846	\$ 2,047,119	\$ 1,965,393	\$ 1,956,233
City's net pension liability as a percentage of payroll	204.41%	174.39%	163.85%	196.60%	265.03%	236.18%	215.93%

* Additional years' information will be displayed as it becomes available

See accompanying notes to pension plan schedules.

City of Tolleson Fire
Public Safety Personnel Retirement System

Reporting Fiscal Year
(Measurement Date)

	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014-2012
Total pension liability								
Service cost	\$ 476,161	\$ 612,498	\$ 512,618	\$ 553,129	\$ 434,330	\$ 437,425	\$ 416,879	Information not available*
Interest on the total pension liability	1,328,189	1,320,018	1,176,421	1,078,336	902,804	809,086	721,067	
Changes on benefit terms	-	-	-	107,196	1,210,896	-	(63,500)	
Differences between expected and actual experience in the measurement of the pension liability	380,523	(1,126,982)	138,781	(291,050)	(25,025)	179,866	(67,804)	
Changes of assumptions or other inputs	-	277,727	-	336,050	530,950	-	414,674	
Benefit payments, including refunds of employee contributions	(940,062)	(241,227)	(245,783)	(241,485)	(230,974)	(230,974)	(389,667)	
Net change in total pension liability	1,244,811	842,034	1,582,037	1,542,176	2,822,981	1,195,403	1,031,649	
Total pension liability - beginning	18,188,237	17,346,203	15,764,166	14,221,990	11,399,009	10,203,606	9,171,957	
Total pension liability - ending (a)	<u>\$ 19,433,048</u>	<u>\$ 18,188,237</u>	<u>\$ 17,346,203</u>	<u>\$ 15,764,166</u>	<u>\$ 14,221,990</u>	<u>\$ 11,399,009</u>	<u>\$ 10,203,606</u>	
Plan fiduciary net position								
Contributions - employer	\$ 955,240	\$ 1,278,913	\$ 1,163,074	\$ 833,691	\$ 751,037	\$ 401,653	\$ 360,947	
Contributions - employee	200,466	259,088	202,211	286,450	295,993	269,101	232,876	
Net investment income	189,383	725,413	817,294	1,157,802	51,108	289,531	913,806	
Benefit payments, including refunds of employee contributions	(940,062)	(241,227)	(245,783)	(241,485)	(230,974)	(230,974)	(389,667)	
Hall/Parker Settlement	-	-	(440,563)	-	-	-	-	
Administrative expense	(15,444)	(13,603)	(13,139)	(10,645)	(7,754)	(7,452)	-	
Other changes	-	-	128	49,430	243,929	1,330	(12,064)	
Net change in plan fiduciary net position	389,583	2,008,584	1,483,222	2,075,243	1,103,339	723,189	1,105,898	
Plan fiduciary net position - beginning	15,088,086	13,083,989	11,600,767	9,525,524	8,422,185	7,698,996	6,593,098	
Adjustment to beginning of year	-	(4,487)	-	-	-	-	-	
Plan fiduciary net position - ending (b)	<u>\$ 15,477,669</u>	<u>\$ 15,088,086</u>	<u>\$ 13,083,989</u>	<u>\$ 11,600,767</u>	<u>\$ 9,525,524</u>	<u>\$ 8,422,185</u>	<u>\$ 7,698,996</u>	
City's net pension liability - ending (a) - (b)	<u>\$ 3,955,379</u>	<u>\$ 3,100,151</u>	<u>\$ 4,262,214</u>	<u>\$ 4,163,399</u>	<u>\$ 4,696,466</u>	<u>\$ 2,976,824</u>	<u>\$ 2,504,610</u>	
Plan fiduciary net position as a percentage of the total pension liability	79.65%	82.96%	75.43%	73.59%	66.98%	73.89%	75.45%	
Covered payroll	\$ 1,991,039	\$ 2,080,669	\$ 2,160,212	\$ 2,351,738	\$ 2,234,206	\$ 2,425,801	\$ 2,274,469	
City's net pension liability as a percentage of covered payroll	198.66%	149.00%	197.31%	177.03%	210.21%	122.72%	110.12%	

* Additional years' information will be displayed as it becomes available

CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY PENSION CONTRIBUTIONS
Year Ended June 30, 2021

<u>Arizona State Retirement System</u>	Reporting Fiscal Year								
	2021	2020	2019	2018	2017	2016	2015	2014	2013-2012
Statutorily required contribution	\$ 1,115,170	\$ 1,080,053	\$ 989,715	\$ 969,526	\$ 857,200	\$ 823,805	\$ 758,313	\$ 727,543	Information not available*
City's contributions in relation to the statutorily required contribution	1,115,170	1,080,053	989,715	969,526	857,200	823,805	758,313	727,543	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 9,572,275	\$ 9,432,777	\$ 8,852,549	\$ 8,894,734	\$ 7,951,763	\$ 7,592,673	\$ 6,969,789	\$ 6,799,467	
City's contributions as a percentage of covered payroll	11.65%	11.45%	11.18%	10.90%	10.78%	10.85%	10.88%	10.70%	
<u>Elected Officials Retirement Plan</u>	Reporting Fiscal Year								
	2021	2020	2019	2018	2017	2016	2015	2014	2013-2012
Statutorily required contribution	\$ 59,552	\$ 58,946	\$ 63,819	\$ 20,542	\$ 18,117	\$ 13,057	\$ 12,836	\$ 18,492	Information not available*
City's contributions in relation to the actuarially determined contribution	59,552	58,946	63,819	20,542	18,117	13,057	12,836	18,492	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 96,943	\$ 95,956	\$ 103,771	\$ 87,413	\$ 77,094	\$ 55,562	\$ 54,621	\$ 57,464	
City's contributions as a percentage of covered payroll	61.43%	61.43%	61.50%	23.50%	23.50%	23.50%	23.50%	32.18%	

The City was not required and did not contribute to the EORP health insurance premium benefit plan for fiscal years 2019, 2018, or 2017. Information for fiscal years 2016 through 2010 is not available.

City of Tolleson Police

Reporting Fiscal Year

Public Safety Personnel Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013-2012
Actuarially determined contribution	\$ 533,256	\$ 515,934	\$ 638,841	\$ 719,034	\$ 613,489	\$ 461,744	\$ 454,309	\$ 426,364	Information not available*
City's contributions in relation to the actuarially determined contribution	933,256	1,150,934	1,127,202	1,922,331	1,513,489	1,161,744	454,309	426,364	
City's contribution deficiency (excess)	<u>\$ (400,000)</u>	<u>\$ (635,000)</u>	<u>\$ (488,361)</u>	<u>\$ (1,203,297)</u>	<u>\$ (900,000)</u>	<u>\$ (700,000)</u>	<u>\$ -</u>	<u>\$ -</u>	
City's covered payroll	\$ 2,213,599	\$ 1,886,156	\$ 1,879,940	\$ 2,091,078	\$ 2,044,846	\$ 2,047,119	\$ 1,965,393	\$ 1,956,233	
City's contributions as a percentage of covered payroll	42.16%	61.02%	59.96%	91.93%	74.01%	56.75%	23.12%	21.80%	

City of Tolleson Fire

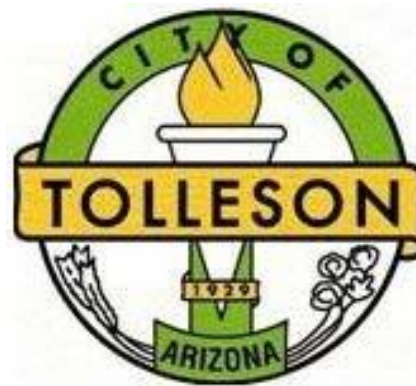
Reporting Fiscal Year

Public Safety Personnel Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013-2012
Actuarially determined contribution	\$ 544,797	\$ 635,240	\$ 469,927	\$ 611,230	\$ 433,691	\$ 751,037	\$ 401,653	\$ 360,947	Information not available*
City's contributions in relation to the actuarially determined contribution	669,797	955,240	1,278,913	1,163,074	833,691	751,037	401,653	360,947	
City's contribution deficiency (excess)	<u>\$ (125,000)</u>	<u>\$ (320,000)</u>	<u>\$ (808,986)</u>	<u>\$ (551,844)</u>	<u>\$ (400,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
City's covered payroll	\$ 2,261,507	\$ 1,991,039	\$ 2,080,669	\$ 2,160,212	\$ 2,351,738	\$ 2,234,206	\$ 2,425,801	\$ 2,274,469	
City's contributions as a percentage of covered payroll	29.62%	47.98%	61.47%	53.84%	35.45%	33.62%	16.56%	15.87%	

* Additional years' information will be displayed as it becomes available

See accompanying notes to pension plan schedules.



CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO PENSION PLAN SCHEDULES
Year Ended June 30, 2021

NOTE 1 ACTUARIALLY DETERMINED CONTRIBUTION RATES

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2019 actuarial valuation	19 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed fair value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0% - 8.0% to 3.5% - 7.5% for PSPRS. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5% for PSPRS.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	In the 2017 actuarial valuation, changed to RP-2014 tables , with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO PENSION PLAN SCHEDULES
Year Ended June 30, 2021

NOTE 2 FACTORS THAT AFFECT TRENDS

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plan's pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS- required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS- required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. Also, the City refunded excess employee contributions to PSPRS members. PSPRS allowed the City to reduce its actual employer contributions for the refund amounts. As a result, the City's pension contributions were less than the actuarially or statutorily determined for 2018 and 2019.

The fiscal year 2019 (measurement date 2018) pension liabilities for EORP reflect the replacement of the permanent benefit increase (PBI) for retirees based on investment returns with a cost of living adjustment based on inflation. Also, the EORP liability and required pension contributions for fiscal year 2019 reflect a statutory change that requires the employer contribution rate to be actuarially determined. This change increased the discount rate used to calculate the liability thereby reducing the total pension liability.

Financial Section

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

CAPITAL PROJECTS FUND

DEBT SERVICE FUND



CITY OF TOLLESON, ARIZONA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
REVENUES	Original	Final	Actual Amounts	
Investment earnings	\$ 300,000	\$ 300,000	\$ 3,602	\$ (296,398)
EXPENDITURES				
Capital outlay	15,500,000	15,250,000	1,492,794	13,757,206
Excess of revenues over (under) expenditures	(15,200,000)	(14,950,000)	(1,489,192)	13,460,808
Fund balance - beginning of year	11,563,422	11,563,422	11,563,422	-
Fund balance - end of year	<u>\$ 16,363,422</u>	<u>\$ 16,613,422</u>	<u>\$ 10,074,230</u>	<u>\$ (6,539,192)</u>

CITY OF TOLLESON, ARIZONA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
REVENUES	Original	Final	Actual Amounts	
Sales taxes	\$ 678,000	\$ 678,000	\$ 678,000	\$ -
Property taxes	3,844,000	3,844,000	2,878,645	(965,355)
Investment earnings	29,000	29,000	5,945	(23,055)
Total revenues	<u>4,551,000</u>	<u>4,551,000</u>	<u>3,562,590</u>	<u>(988,410)</u>
EXPENDITURES				
Debt service:				
Principal retirement	3,148,563	3,148,563	2,447,563	701,000
Interest	<u>1,197,461</u>	<u>1,197,461</u>	<u>881,666</u>	<u>315,795</u>
Total expenditures	<u>4,346,024</u>	<u>4,346,024</u>	<u>3,329,229</u>	<u>1,016,795</u>
Excess (deficiency) of revenues over (under) expenditures	204,976	204,976	233,361	28,385
Fund balance - beginning of year	<u>786,808</u>	<u>786,808</u>	<u>786,808</u>	<u>-</u>
Fund balance - end of year	<u>\$ 991,784</u>	<u>\$ 991,784</u>	<u>\$ 1,020,169</u>	<u>\$ 28,385</u>

Financial Section

OTHER SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

Special Revenue Funds

- **Highway User Revenue Fund (HURF)** - This fund accounts for the City's share of Arizona's highway user tax revenues and associated expenditures legally restricted for road construction and maintenance.



CITY OF TOLLESON, ARIZONA
 COMBINING BALANCE SHEET
 NON- MAJOR GOVERNMENTAL FUNDS
 June 30, 2021

	<u>Special Revenue</u>
	<u>Highway User Revenue Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,121,409
Receivables, net:	
Intergovernmental	<u>60,916</u>
Total assets	<u>\$ 1,182,325</u>
LIABILITIES	
Accounts payable	<u>\$ 290,342</u>
FUND BALANCES	
Restricted	
Highways and streets	<u>891,983</u>
Total fund balances	<u>891,983</u>
Total liabilities and fund balances	<u>\$ 1,182,325</u>

CITY OF TOLLESON, ARIZONA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON- MAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2021

	<u>Special Revenue</u>
	Highway User Revenue Fund
REVENUES	
Intergovernmental	\$ 859,584
Investment earnings	<u>384</u>
Total revenues	<u>859,968</u>
EXPENDITURES	
Current:	
Highway and streets	<u>618,216</u>
Excess of revenues over (under) expenditures	241,752
Fund balances - beginning of year	<u>650,231</u>
Fund balances - end of year	<u><u>\$ 891,983</u></u>

Financial Section

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

HIGHWAY USER REVENUE FUND



CITY OF TOLLESON, ARIZONA
HIGHWAY USER REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
REVENUES	Original	Final	Actual Amounts	
Intergovernmental revenues	\$ 817,416	\$ 817,416	\$ 859,584	\$ 42,168
Investment earnings	-	-	384	384
Total revenues	817,416	817,416	859,968	42,552
EXPENDITURES				
Current:				
Highways & streets	866,500	866,500	618,216	248,284
Excess (deficiency) of revenues over (under) expenditures	(49,084)	(49,084)	241,752	290,836
Fund balance - beginning of year	650,231	650,231	650,231	-
Fund balance - end of year	\$ 601,147	\$ 601,147	\$ 891,983	\$ 290,836



Statistical Section

<u>Contents</u>	<u>Pages</u>
<u>Financial Trends</u>	118-129
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<u>Revenue Capacity</u>	130-140
These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sales and uses taxes.	
<u>Debt Capacity</u>	142-152
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<u>Demographic and Economic Statistics</u>	153-154
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<u>Operating Information</u>	155 - 163
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs	

CITY OF TOLLESON, ARIZONA

Table 1
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2012	2013	2014	2015
Governmental Activities				
Net investment in capital assets	\$ 25,900,750	\$ 26,194,336	\$ 27,534,901	\$ 30,954,613
Restricted	2,971,007	3,426,973	5,110,928	2,633,181
Unrestricted	9,964,703	11,029,738	9,625,353	(373,945)
Total Governmental Activities Net Position	<u>\$ 38,836,460</u>	<u>\$ 40,651,047</u>	<u>\$ 42,271,182</u>	<u>\$ 33,213,849</u>
Business-Type Activities				
Net investment in capital assets	\$ 31,376,028	\$ 32,356,074	\$ 34,835,900	\$ 42,351,199
Restricted	492,978	493,772	494,335	494,852
Unrestricted	17,720,898	19,174,850	20,708,802	17,740,832
Total Business-Type Activities Net Position	<u>\$ 49,589,904</u>	<u>\$ 52,024,696</u>	<u>\$ 56,039,037</u>	<u>\$ 60,586,883</u>
Primary Government				
Net investment in capital assets	\$ 57,276,778	\$ 58,550,410	\$ 62,370,801	\$ 73,305,812
Restricted	3,463,985	3,920,745	5,605,263	3,128,033
Unrestricted	27,685,601	30,204,588	30,334,155	17,366,887
Total Primary Government Net Position	<u>\$ 88,426,364</u>	<u>\$ 92,675,743</u>	<u>\$ 98,310,219</u>	<u>\$ 93,800,732</u>

2016	2017	2018	2019	2020	2021
\$ 30,421,590	\$ 32,215,631	\$ 35,872,282	\$ 43,344,723	\$ 46,353,982	\$ 47,483,826
4,896,402	5,684,881	3,652,102	15,686,162	5,668,215	9,331,450
4,441,397	6,218,425	9,449,895	(1,626,497)	15,458,380	29,152,183
<u>\$ 39,759,389</u>	<u>\$ 44,118,937</u>	<u>\$ 48,974,279</u>	<u>\$ 57,404,388</u>	<u>\$ 67,480,577</u>	<u>\$ 85,967,459</u>
\$ 46,812,938	\$ 47,446,347	\$ 48,568,972	\$ 50,126,416	\$ 50,543,526	\$ 52,261,630
-	499,179	506,163	518,226	619,400	579,374
18,087,097	19,893,307	22,973,234	26,976,548	30,438,009	32,967,733
<u>\$ 64,900,035</u>	<u>\$ 67,838,833</u>	<u>\$ 72,048,369</u>	<u>\$ 77,621,190</u>	<u>\$ 81,600,935</u>	<u>\$ 85,808,737</u>
\$ 77,234,528	\$ 79,661,978	\$ 84,441,254	\$ 93,471,139	\$ 96,897,508	\$ 99,745,456
4,896,402	6,184,060	4,158,265	16,204,388	6,287,615	9,910,824
22,528,494	26,111,732	32,423,129	25,350,051	45,896,389	62,119,916
<u>\$ 104,659,424</u>	<u>\$ 111,957,770</u>	<u>\$ 121,022,648</u>	<u>\$ 135,025,578</u>	<u>\$ 149,081,512</u>	<u>\$ 171,776,196</u>

CITY OF TOLLESON, ARIZONA

Table 2
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2012	2013	2014	2015
Expenses				
Governmental activities:				
General Government	\$ 3,554,245	\$ 4,160,877	\$ 4,069,698	\$ 5,415,488
Public Safety	9,590,713	9,921,501	9,342,079	10,820,773
Highways and Streets	2,867,554	2,497,012	4,278,584	2,155,241
Culture and Recreation	1,171,266	562,374	885,714	1,691,577
Economic Development	545,153	1,175,131	1,464,624	715,207
Health and Welfare	547,528	343,153	378,772	426,259
Interest on Long-Term Debt	914,964	864,780	812,432	776,981
Total Governmental Activities	19,191,423	19,524,828	21,231,903	22,001,526
Business-Type Activities				
Water	6,095,971	5,021,689	5,446,163	5,032,519
Sanitation	491,293	614,402	630,134	502,305
Wastewater and Sewer	6,644,923	6,579,691	6,238,217	6,408,153
Total Business-Type Activities	13,232,187	12,215,782	12,314,514	11,942,977
Total Primary Government Expenses	<u>\$ 32,423,610</u>	<u>\$ 31,740,610</u>	<u>\$ 33,546,417</u>	<u>\$ 33,944,503</u>
Program Revenues				
Governmental Activities:				
Fines, Fees and Charges for Services:				
General Government	\$ 581,769	\$ 554,874	\$ 795,223	\$ 888,639
Public Safety	207,948	226,830	302,522	273,624
Highways and Streets	-	-	-	-
Culture and Recreation	25,690	16,825	17,292	14,458
Redevelopment and Housing	-	-	10,978	-
Other	-	-	-	9,250
Operating Grants and Contributions	878,403	830,814	771,285	916,333
Capital Grants and Contributions	235,653	171,515	370,799	-
Total Governmental Activities Program Revenues	1,929,463	1,800,858	2,268,099	2,102,304
Business-Type Activities				
Charges for Services:				
Water	\$ 6,394,604	\$ 6,479,996	\$ 6,666,770	\$ 6,583,969
Sanitation	347,800	360,618	324,197	355,328
Wastewater and Sewer	5,500,611	5,535,850	6,713,988	5,420,273
Capital Grants and Contributions	-	-	-	4,673,401
Total Business-Type Activities Program Revenues	12,243,015	12,376,464	13,704,955	17,032,971
Total Primary Government Revenues	<u>\$ 14,172,478</u>	<u>\$ 14,177,322</u>	<u>\$ 15,973,054</u>	<u>\$ 19,135,275</u>

2016	2017	2018	2019	2020	2021
\$ 5,596,149	\$ 6,057,979	\$ 6,699,834	\$ 6,244,732	\$ 8,293,849	\$ 8,802,055
11,510,678	13,703,866	13,256,375	14,014,601	13,327,589	15,922,346
2,146,277	2,158,993	2,702,277	2,709,339	2,980,662	2,520,959
1,667,220	2,438,231	2,382,861	2,907,590	3,545,868	3,085,615
641,130	1,196,079	794,512	1,000,307	701,000	807,093
510,429	455,278	506,590	545,600	602,713	805,115
750,181	717,956	636,533	727,733	1,093,652	735,730
22,822,064	26,728,382	26,978,982	28,149,902	30,545,333	32,678,913
5,379,124	5,294,611	5,926,382	5,287,268	5,927,310	6,130,858
475,758	418,557	373,399	362,235	362,020	390,518
6,434,002	6,720,582	6,639,875	6,298,733	6,885,266	6,739,960
12,288,884	12,433,750	12,939,656	11,948,236	13,174,596	13,261,336
\$ 35,110,948	\$ 39,162,132	\$ 39,918,638	\$ 40,098,138	\$ 43,719,929	\$ 45,940,249
\$ 883,447	\$ 1,005,417	\$ 1,527,499	\$ 1,562,514	\$ 1,314,784	\$ 3,116,069
598,221	404,051	321,968	303,551	1,056,164	1,450,784
126,794	-	-	-	-	-
122,954	22,316	36,482	64,882	60,419	5,999
-	-	-	-	-	-
-	-	-	-	-	-
759,072	973,563	972,700	1,355,565	1,923,497	2,471,673
21,240	18,472	69,939	161,413	31,883	10,242
2,511,728	2,423,819	2,928,588	3,447,925	4,386,747	7,054,767
\$ 6,596,501	\$ 6,460,671	\$ 6,873,286	\$ 6,609,408	\$ 6,682,768	\$ 7,296,769
352,861	384,453	449,095	457,751	449,137	448,320
5,899,361	5,743,503	6,293,079	6,085,228	6,917,860	6,679,392
150,584	49,811	-	-	-	1,217,479
12,999,307	12,638,438	13,615,460	13,152,387	14,049,765	15,641,960
\$ 15,511,035	\$ 15,062,257	\$ 16,544,048	\$ 16,600,312	\$ 18,436,512	\$ 22,696,727

CITY OF TOLLESON, ARIZONA

Table 2

Changes in Net Position
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (Unaudited)

	2012	2013	2014	2015
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Sales Taxes	\$ 13,525,808	\$ 14,230,041	\$ 14,360,574	\$ 17,564,422
Property Taxes	5,343,971	4,478,071	4,481,523	4,508,560
Franchise Taxes	39,871	56,905	44,393	45,765
State Revenue Sharing	567,191	668,558	729,523	792,313
State Income Tax Revenue Sharing	511,429	535,720	569,695	598,140
Auto Lieu Tax Revenue Sharing	220,391	208,723	233,354	249,830
Investment earnings	36,451	72,680	56,799	38,073
Other	5,491	-	30,635	37,376
Transfers	(152,748)	-	110,500	(282,785)
Total Governmental Activities:	20,097,855	20,250,698	20,616,996	23,551,694
Business-type Activities:				
Property Taxes	1,401,895	2,420,551	2,553,157	2,654,745
Impact Fees	-	-	-	-
Interest	35,712	18,325	18,924	14,960
Other	123,917	97,616	27,424	77,861
Transfers	152,748	-	(110,500)	282,785
Total Business-Type Activities	1,714,272	2,536,492	2,489,005	3,030,351
Total Primary Government	\$ 21,812,127	\$ 22,787,190	\$ 23,106,001	\$ 26,582,045
Change in Net Position				
Governmental Activities	\$ 2,835,895	\$ 2,526,728	\$ 1,653,192	\$ 3,652,472
Business-Type Activities	725,100	2,697,174	3,879,446	8,120,345
Total Primary Government	\$ 3,560,995	\$ 5,223,902	\$ 5,532,638	\$ 11,772,817

2016	2017	2018	2019	2020	2021
\$ 19,592,713	\$ 20,910,180	\$ 21,434,225	\$ 25,448,636	\$ 26,365,478	\$ 34,079,997
3,917,340	5,615,157	4,955,918	4,859,308	6,514,517	7,386,020
44,139	49,514	42,647	47,217	51,390	55,333
1,042,649	1,093,270	689,720	725,514	754,547	874,563
788,017	857,378	889,064	872,525	943,866	1,053,562
269,956	275,697	583,704	510,081	509,050	549,384
147,383	162,952	285,082	838,282	873,182	67,930
55,827	119,963	164,376	152,928	222,745	44,041
(116,962)	(420,000)	(139,000)	(25,447)	-	-
25,741,062	28,664,111	28,905,736	33,429,044	36,234,775	44,110,830
3,293,011	2,157,082	3,224,893	3,637,831	2,451,096	1,773,206
-	-	-	-	-	-
96,484	99,441	169,839	705,392	653,480	53,972
96,272	57,587	-	-	-	-
116,962	420,000	139,000	25,447	-	-
3,602,729	2,734,110	3,533,732	4,368,670	3,104,576	1,827,178
\$ 29,343,791	\$ 31,398,221	\$ 32,439,468	\$ 37,797,714	\$ 39,339,351	\$ 45,938,008
\$ 5,430,726	\$ 4,359,548	\$ 4,855,342	\$ 8,727,067	\$ 10,076,189	\$ 18,486,684
4,313,152	2,938,798	4,209,536	5,572,821	3,979,745	4,207,802
\$ 9,743,878	\$ 7,298,346	\$ 9,064,878	\$ 14,299,888	\$ 14,055,934	\$ 22,694,486

(Concluded)

CITY OF TOLLESON, ARIZONA
Table 3
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2012	2013	2014	2015
General Fund				
Restricted	\$ 273,271	\$ 376,237	\$ 336,340	\$ 485,014
Nonspendable	-	141,648	5,000	4,446
Assigned	1,126,841	1,126,841	-	-
Unassigned	6,343,285	7,405,570	7,556,991	9,879,027
Total General Fund	<u>\$ 7,743,397</u>	<u>\$ 9,050,296</u>	<u>\$ 7,898,331</u>	<u>\$ 10,368,487</u>
All Other Governmental Funds				
Restricted:				
Highways and streets	\$ 309,630	\$ 873,739	\$ 871,385	\$ 884,657
Debt service	1,023,296	944,792	1,133,469	938,131
Capital projects	7,244,810	6,705,563	3,718,026	474,052
Public safety	2,901,442	3,359,496	3,118,808	3,821,797
Other purposes	-	-	-	-
Nonspendable:				
Prepaid items	-	13,117	-	-
Committed for:				
Capital projects	13,501	-	-	-
Assigned for:				
Other purposes	91,301	330,144	382,343	306,810
Funds	<u>\$ 11,583,980</u>	<u>\$ 12,226,851</u>	<u>\$ 9,224,031</u>	<u>\$ 6,425,447</u>

2016	2017	2018	2019	2020	2021
\$ 563,507	\$ 829,648	\$ 509,582	\$ 545,198	\$ 526,278	\$ 520,396
-	1,017	4,505	23,095	5,711	6,744
-	-	-	-	-	-
16,564,021	21,220,634	23,303,394	23,333,773	28,798,314	43,984,645
<u>\$ 17,127,528</u>	<u>\$ 22,051,299</u>	<u>\$ 23,817,481</u>	<u>\$ 23,902,066</u>	<u>\$ 29,330,303</u>	<u>\$ 44,511,785</u>
\$ 1,030,489	\$ 1,040,487	\$ 283,631	\$ 545,458	\$ 650,231	\$ 891,983
879,996	609,568	325,667	456,077	786,808	1,020,169
242,592	169,021	25,447	11,574,765	11,563,422	10,074,230
3,773,814	2,810,608	2,241,200	2,298,089	3,489,348	6,183,554
266,943	225,549	-	266,575	176,377	230,807
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 6,193,834</u>	<u>\$ 4,855,233</u>	<u>\$ 2,875,945</u>	<u>\$ 15,140,964</u>	<u>\$ 16,666,186</u>	<u>\$ 18,400,743</u>

CITY OF TOLLESON, ARIZONA
Table 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2012	2013	2014	2015
Revenues				
Taxes	\$ 18,618,296	\$ 18,440,757	\$ 18,514,067	\$ 21,730,411
Intergovernmental	2,344,955	2,352,598	2,471,590	2,740,020
Fines and Penalties	209,436	228,788	256,498	236,270
Licenses and Permits	294,465	250,467	396,364	462,220
Charges for Services	375,380	372,889	521,705	537,114
Rents and Royalties	10,500	11,340	11,340	11,340
Contributions and Donations	83,707	119,578	105,353	126,881
Impact fees	138,117	171,515	370,799	-
Special assessments	-	-	-	-
Investment earnings	36,451	72,682	56,800	38,077
Other	98,533	65,467	35,920	55,702
Total revenues	22,209,840	22,086,081	22,740,436	25,938,035
Expenditures				
General government	3,440,722	3,815,498	4,415,415	5,078,029
Public Safety	8,068,283	8,614,560	9,129,552	9,482,850
Highways and Streets	1,574,097	1,938,342	6,866,301	6,137,597
Culture and Recreation	1,017,582	1,003,847	1,305,402	1,509,987
Economic Development	543,328	626,154	881,237	725,924
Health and Welfare	535,879	326,804	366,784	405,236
Capital Outlay	2,443,569	956,887	2,232,168	937,440
Debt Service				
Principal Retirement	2,366,550	1,730,000	945,000	835,000
Interest on Long-Term Debt	926,071	903,538	839,087	803,637
Issuance Costs	86,642	-	-	-
Total Expenditures	21,002,723	19,915,630	26,980,946	25,915,700
Excess of Revenues				
Over (Under) Expenditures	1,207,117	2,170,451	(4,240,510)	22,335

2016	2017	2018	2019	2020	2021
\$ 23,625,789	\$ 26,519,434	\$ 26,406,680	\$ 30,369,457	\$ 32,922,112	\$ 41,653,930
2,686,665	2,957,255	3,095,010	3,436,410	4,024,435	3,575,547
272,888	325,149	292,883	283,882	223,321	215,889
305,411	506,796	650,962	644,556	422,794	770,437
628,428	1,096,911	1,319,914	1,381,940	1,354,241	3,356,929
-	-	62,525	47,045	54,054	54,054
74,790	66,681	40,437	66,619	52,218	1,270,908
-	-	-	-	-	-
-	-	-	-	-	-
146,674	168,706	285,082	838,282	873,182	67,930
74,675	88,835	254,617	405,051	585,522	-
27,815,320	31,729,767	32,408,110	37,473,242	40,511,879	50,965,624
4,826,824	5,631,593	6,688,536	6,692,032	7,500,493	7,752,645
10,965,063	11,837,178	13,257,541	13,323,395	13,228,591	13,474,776
1,360,043	1,382,414	1,694,376	1,989,758	1,973,409	1,492,239
1,628,078	1,800,987	2,032,198	2,559,148	3,164,620	2,606,480
619,344	1,201,318	1,006,559	1,284,470	1,090,113	1,492,553
476,396	457,557	481,220	518,667	631,734	762,709
1,447,693	2,648,333	4,995,043	8,906,309	3,182,235	3,160,158
785,000	2,035,000	1,406,500	958,100	1,823,715	2,447,563
776,837	744,612	663,188	770,870	1,022,360	881,666
-	-	-	226,656	180,388	-
22,885,278	27,738,992	32,225,161	37,229,405	33,797,658	34,070,789
4,930,042	3,990,775	182,949	243,837	6,714,221	16,894,835

(Continued)

CITY OF TOLLESON, ARIZONA
Table 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2012	2013	2014	2015
Other Financing Sources (Uses)				
Transfers In	801,535	1,763,792	3,751,052	3,091,764
Transfers Out	(954,283)	(1,763,792)	(3,640,552)	(3,374,549)
Proceeds of refunding debt issuance	-	-	-	-
Premium on refunding debt issuance	-	-	-	-
Proceeds of general obligation bond issuance	-	-	-	-
Premium on general obligation bond issuance	-	-	-	-
Proceeds of Long-Term Debt Issuance	6,159,387	-	-	-
Payment to Refunded Debt Escrow Agent	-	-	-	-
Proceeds from Sale of Capital Assets	5,491	14,441	8,282	15,023
Total other Financing Sources (Uses)	6,012,130	14,441	118,782	(267,762)
Net Change in Fund Balance	\$ 7,219,247	\$ 2,184,892	\$ (4,121,728)	\$ (245,427)
Debt Service as a Percentage of Noncapital Expenditures	18.2%	13.9%	7.2%	6.6%

2016	2017	2018	2019	2020	2021
3,134,362	2,596,590	1,518,209	305,239	1,608,678	360,569
(3,251,324)	(3,016,589)	(1,657,209)	(330,686)	(1,608,678)	(360,569)
-	-	-	-	6,737,000	-
-	-	-	-	686,780	-
-	-	-	10,850,000	-	-
-	-	-	1,005,367	-	-
-	-	-	-	-	-
-	-	-	-	(7,190,000)	-
17,525	14,394	9,520	9,272	5,458	21,204
(99,437)	(405,605)	(129,480)	11,839,192	239,238	21,204
<u>\$ 4,830,605</u>	<u>\$ 3,585,170</u>	<u>\$ 53,469</u>	<u>\$ 12,083,029</u>	<u>\$ 6,953,459</u>	<u>\$ 16,916,039</u>
7.3%	10.8%	7.5%	6.9%	9.9%	10.7%

(Concluded)

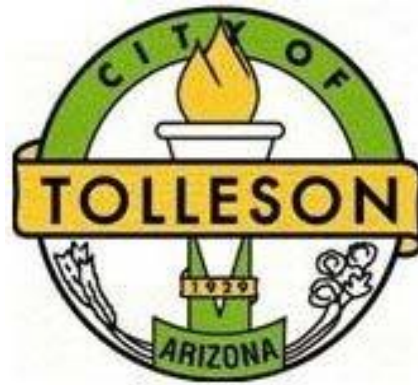
CITY OF TOLLESON, ARIZONA
Table 5
General Government Tax Revenues By Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

Fiscal Year	Property	Sales & Use	Franchise	Total
2012	\$ 5,052,617	\$ 13,525,808	\$ 39,871	\$ 18,618,296
2013	4,153,811	14,230,041	56,905	18,440,757
2014	4,109,100	14,360,574	44,393	18,514,067
2015	4,120,224	17,564,422	41,385	21,726,031
2016	3,988,866	19,592,784	44,139	23,625,789
2017	5,559,669	20,910,251	49,514	26,519,434
2018	4,929,808	21,434,225	42,647	26,406,680
2019	4,873,604	25,448,636	47,217	30,369,457
2020	6,505,244	26,365,478	51,390	32,922,112
2021	7,518,600	34,079,997	55,333	41,653,930
Change 2012-2021	48.8%	152.0%	38.8%	123.7%

Note: This schedule is optional.

CITY OF TOLLESON, ARIZONA
Table 6
Assess Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)
(In thousands of Dollars)

Fiscal Year	Industrial & Commercial Property	Agricultural and Vacant	Residential Property	Others	Total Taxable Assessed Value	Total Direct Tax Rate/Thousand	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2012	192,440	11,383	11,455	2,064	217,342	2.9084	217,342	100.000%
2013	160,559	9,294	8,456	1,759	180,068	3.4163	180,068	100.000%
2014	143,031	8,901	8,076	2,246	162,254	3.7612	162,254	100.000%
2015	147,663	9,698	9,009	2,259	168,629	3.7457	168,629	100.000%
2016	172,787	12,297	12,619	1,958	199,661	3.9715	199,661	100.000%
2017	210,837	12,818	13,974	1,976	239,605	3.9734	239,605	100.000%
2018	239,361	13,797	15,834	2,264	271,256	3.9895	271,256	100.000%
2019	264,312	9,810	20,042	1,794	295,958	3.8319	295,958	100.000%
2020	296,155	10,023	20,844	1,910	328,932	3.7169	328,932	100.000%
2021	329,937	10,283	26,591	1,908	368,719	3.5259	368,719	100.000%



CITY OF TOLLESON, ARIZONA
Table 7
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)
(Rate per \$1,000 of Assessed Value)

Fiscal Year	Direct Rates			Overlapping Rates			Rate Total
	Basic Rate	General Obligation Debt Service	Total Direct Rate	School District	Flood Control and Water Conservation District	County	
2012	1.1232	1.7852	2.9084	N/A	N/A	N/A	2.9084
2013	1.2643	2.1520	3.4163	N/A	N/A	N/A	3.4163
2014	1.7811	1.9801	3.7612	N/A	N/A	N/A	3.7612
2015	1.8309	1.9148	3.7457	N/A	N/A	N/A	3.7457
2016	1.8344	2.1371	3.9715	N/A	N/A	N/A	3.9715
2017	1.8325	2.1409	3.9734	N/A	N/A	N/A	3.9734
2018	1.8325	2.1570	3.9895	N/A	N/A	N/A	3.9895
2019	1.8039	2.0280	3.8319	N/A	N/A	N/A	3.8319
2020	1.7281	2.0280	3.7561	N/A	N/A	N/A	3.7561
2021	1.6584	1.8675	3.5259	N/A	N/A	N/A	3.5259

Source: Maricopa County Finance Department

N/A - Not available at the time of printing



CITY OF TOLLESON, ARIZONA

Table 8

Principal Property Taxpayers
Current and Nine Years Ago
(Unaudited)

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
FR CAL 3 Tolleson Buckeye LLC	18,127,125	1	8.05%			
Smiths Food & Drug Centers Inc	\$ 17,372,482	2	7.72%	\$ 16,870,166	2	6.38%
CLNC NNN Alberts AZ LLC	14,777,640	3	6.56%			
Prologis-Exchange Westside Business Park LLC	14,158,764	4	6.29%			
SVC Manufacturing Inc	13,901,400	5	6.17%	23,449,546	1	8.86%
Liberty Property LP	8,529,804	6	3.79%			
Cam Investment 338 LLC/2601 Wilshire LLC	7,457,850	7	3.31%			
Colfin 2017-7 Industrial Owner LLC	5,942,178	8	2.64%			
AZEJM Land Holdings/Oxnard	5,765,319	9	2.56%	3,782,763	8	1.43%
Price Company	5,738,955	10	-	3,670,568	9	1.39%
LBA Realty Fund III Company IX LLC	-	-	-	8,540,001	3	3.23%
ABS SW Investor LLC (Albertson)	-	-	-	7,029,582	4	2.66%
Cole HD Tolleson AZ LLC	-	-	-	6,089,049	5	2.30%
Greater Arizona Auto Auctions Inc	-	-	-	5,408,977	6	2.04%
Continental Pet Technologies	-	-	-	5,311,228	7	2.01%
91st Avenue Investment Co.	-	-	-	3,397,240	10	1.28%
Total	<u>\$ 111,771,517</u>			<u>\$ 83,549,120</u>		<u>31.58%</u>

Source: Maricopa County Assessor's Office

Note: The schedule should include the ten largest taxpayers, unless fewer are required to reach 50% of the revenue base.

CITY OF TOLLESON, ARIZONA
Table 9
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Levy
		Amount	Percent of Levy		Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy		
2012	6,260,000	6,030,900	96.34%	40,114	6,071,014	96.98%	188,986	3.02%
2013	6,121,245	6,049,524	98.83%	46,142	6,095,666	99.58%	25,579	0.42%
2014	6,063,150	6,063,150	100.00%	-	6,063,150	100.00%	-	-
2015	6,189,084	6,143,072	99.26%	-	6,143,072	99.26%	46,012	0.74%
2016	6,563,777	6,563,777	100.00%	-	6,563,777	100.00%	-	-
2017	7,074,915	7,074,915	100.00%	-	7,074,915	100.00%	-	-
2018	7,649,751	7,649,751	100.00%	-	7,649,751	100.00%	-	-
2019	7,941,559	7,909,802	99.60%	-	7,909,802	99.60%	31,757	0.40%
2020	8,542,642	8,423,632	98.61%	-	8,423,632	98.61%	83,510	0.98%
2021	8,651,852	8,463,805	97.83%	76,114	8,539,919	98.71%	148,209	1.71%

Source: Maricopa County Finance Department



CITY OF TOLLESON, ARIZONA
Table 10
Taxable Sales By Category
Last Ten Fiscal Years
(Unaudited)

	2012	2013	2014	2015
Sales Category				
Commercial & Utilities	\$ 1,305,659	\$ 1,340,608	\$ 1,332,053	\$ 1,486,385
Construction	870,319	696,757	768,790	1,417,419
Manufacturing	244,306	273,890	501,565	649,799
Wholesale	1,717,069	1,739,508	2,281,582	3,261,898
Retail	6,594,272	6,900,851	6,375,361	7,073,146
Real estate	1,776,811	1,843,998	1,525,374	1,851,697
Services	154,590	674,710	745,858	871,641
All other outlets	862,782	759,719	829,991	952,436
Total	<u>\$ 13,525,808</u>	<u>\$ 14,230,041</u>	<u>\$ 14,360,574</u>	<u>\$ 17,564,421</u>
City Sales Tax Rate	2.50%	2.50%	2.50%	2.50%

Source: Arizona State Revenue

Note: This schedule requires that governments present revenue information about their most significant own-source revenue.

2016	2017	2018	2019	2020	2021
\$ 1,484,711	\$ 1,471,733	\$ 1,429,106	\$ 1,472,126	\$ 1,419,507	\$ 1,535,042
907,458	1,337,854	1,553,611	2,534,686	1,224,339	1,424,785
769,714	973,913	955,024	998,523	680,611	820,935
4,387,437	3,980,112	3,487,881	3,774,365	3,914,447	4,651,274
7,723,550	8,545,050	9,362,838	11,481,732	13,464,737	18,580,686
2,150,547	2,085,554	2,454,322	2,528,580	2,654,247	3,653,986
1,232,577	1,317,928	1,397,260	1,444,529	1,671,286	1,847,042
936,790	1,198,107	794,183	1,214,095	1,336,304	1,540,419
<u>\$ 19,592,784</u>	<u>\$ 20,910,251</u>	<u>\$ 21,434,225</u>	<u>\$ 25,448,636</u>	<u>\$ 26,365,478</u>	<u>\$ 34,054,169</u>
2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

City of Tolleson, ARIZONA
Table 11
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	City Direct Rate	County
2012	2.50%	8.80%
2013	2.50%	8.80%
2014	2.50%	8.80%
2015	2.50%	8.80%
2016	2.50%	8.80%
2017	2.50%	8.80%
2018	2.50%	8.80%
2019	2.50%	8.80%
2020	2.50%	8.80%
2021	2.50%	8.80%

Source: Arizona State Revenue



CITY OF TOLLESON, ARIZONA
Table 12
Ratio of Outstanding Debt By Type
Last Ten Fiscal Years
(Unaudited)
(Dollars in Thousands, Except Per Capita)

Fiscal Year	Governmental Activities				Business-type Activities	
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Capital Leases	General Obligation Bonds	Water Revenue Bonds
2012	13,694	8,120	-	-	20,991	-
2013	12,305	7,780	-	-	19,430	-
2014	11,710	7,430	-	-	16,930	-
2015	11,235	7,070	-	-	14,220	-
2016	10,825	6,929	-	-	11,330	-
2017	9,180	6,305	-	-	9,485	-
2018	8,179	5,900	-	-	6,837	-
2019	18,495	5,475	-	-	3,860	-
2020	18,227	5,174	-	-	6,156	-
2021	16,117	4,690	-	-	4,921	-

* Information on personal income from these fiscal years was not available

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
Capital Leases	Waste Water WIFA Loan			
-	8,895	51,700	*	7,712
-	8,526	48,041	*	7,166
-	8,144	44,214	*	6,544
-	7,750	40,275	*	5,961
-	7,342	36,426	*	5,257
-	6,921	31,891	*	4,443
-	6,486	27,402	*	3,803
-	6,037	33,867	*	4,640
-	5,573	35,130	*	4,765
-	5,094	30,822	*	4,181



CITY OF TOLLESON, ARIZONA
Table 13
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)
(Dollars in Thousands, Except Per Capita)

Fiscal Year	General Obligation Bonds	WIFA General Obligation Loan	Net General Obligation Bonded Debt	Taxable Assessed Value of Property	Percentage of Actual Taxable Value of Property	Population	Per Capita
2012	34,685	5,189	39,874	217,342	18.35%	6,704	5,948
2013	36,708	4,974	41,682	180,068	23.15%	6,704	6,217
2014	33,391	4,751	38,142	162,254	23.51%	6,756	5,646
2015	29,976	4,521	34,497	168,630	20.46%	6,756	5,106
2016	26,438	4,283	30,721	199,661	15.39%	6,929	4,434
2017	22,703	4,038	26,741	239,606	11.16%	6,929	3,859
2018	18,799	3,784	22,583	271,257	8.33%	6,929	3,259
2019	25,877	3,522	29,399	295,958	9.93%	7,299	4,028
2020	24,383	3,251	27,634	328,932	8.40%	7,372	3,749
2021	21,037	2,971	24,008	368,719	6.51%	7,372	3,257

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

a See schedule 7 for property value data.



CITY OF TOLLESON, ARIZONA
Table 14
Direct and Overlapping Governmental Activities Debt
June 30, 2021
(Unaudited)

Governmental Unit	General Obligation Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt (a)
Debt repaid with property taxes			
Tolleson Elementary School District No. 17	\$ 22,705,000	73.25	\$ 16,632,294
Fowler Elementary School District No. 45	8,535,000	10.74	916,348
Littleton Elementary School District No. 65	35,305,000	15.39	5,432,176
Tolleson Union High School District No. 214	156,585,000	18.27	28,614,803
Maricopa County Community College District	184,715,000	0.54	998,276
Maricopa County Special Health Care District	640,695,000	0.54	3,462,578
Western Maricopa Education Center District No. 402	144,220,000	1.47	<u>2,116,203</u>
Subtotal, overlapping debt			\$ 58,172,678
City of Tolleson, Arizona Direct Debt	20,807,198	100.00	<u>\$ 20,807,198</u>
Total direct and overlapping debt			<u><u>\$ 78,979,876</u></u>

(a) Proportion applicable to the City is computed on the ratio of Net Limited Assessed Property Value for 2020/21

(b) Includes total stated principal amount of general obligation bonds outstanding. Does not include outstanding principal amount of certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed above. Does not include outstanding principal amounts of various County and City improvement districts, as the bonds of these districts are presently being paid from special assessments against property within the various improvement districts.

Source: RBC Capital Markets

CITY OF TOLLESON, ARIZONA
Table 15
Calculation of Legal Debt Margin
June 30, 2021
(Unaudited)

Net Assessed Valuation		<u>\$ 368,719,284</u>
<u>Water, Sewer, Light, Parks, Open Space and Recreational Facility Bonds</u>		
Debt Limit - 20% of Secondary Net Assessed Valuation		\$ 73,743,857
Debt Applicable to Limit		
General Obligation Bonds Outstanding	\$ 12,918,897	
Less Amount Set Aside for Repayment of Debt	<u>-</u>	
Net Debt Applicable to Limit		<u>12,918,897</u>
20% Legal Debt Margin		<u>60,824,960</u>
<u>All Other General Obligation Bonds</u>		
Debt Limit - 6% of Secondary Net Assessed Valuation		22,123,157
Debt Applicable to Limit		
General Obligation Bonds Outstanding	11,090,006	
Less Amount Set Aside for Repayment of Debt	<u>-</u>	
Net Debt Applicable to Limit		<u>11,090,006</u>
All Other General Obligation Bonds Debt Margin		<u>11,033,151</u>
Total Legal Debt Margin		<u>\$ 71,858,111</u>

Source: Maricopa County Assessor's Office



CITY OF TOLLESON, ARIZONA
Table 16
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	2012	2013	2014	2015
Net Secondary Assessed Valuation	\$ 217,342,534	\$ 180,067,717	\$ 162,254,481	\$ 168,629,759
Debt Limit	56,509,059	46,817,606	42,186,165	43,843,737
Total net debt applicable to limit	34,685,000	31,735,000	33,160,790	29,738,090
Legal debt margin	<u>\$ 21,824,059</u>	<u>\$ 15,082,606</u>	<u>\$ 9,025,375</u>	<u>\$ 14,105,647</u>
Total net debt applicable to the limit as a percentage of debt limit.	61.38%	67.78%	78.61%	67.83%

2016	2017	2018	2019	2020	2021
\$ 199,662,057	\$ 239,605,939	\$ 271,256,677	\$ 295,958,429	\$ 328,931,929	\$ 368,719,284
51,912,135	62,297,544	70,526,736	76,949,192	85,522,302	95,867,014
26,192,537	22,702,537	18,798,871	25,876,823	26,166,178	24,008,903
<u>\$ 25,719,598</u>	<u>\$ 39,595,007</u>	<u>\$ 51,727,865</u>	<u>\$ 51,072,369</u>	<u>\$ 59,356,124</u>	<u>\$ 71,858,111</u>
50.46%	36.44%	26.65%	33.63%	30.60%	25.04%

CITY OF TOLLESON, ARIZONA

Table 17

Pledged-Revenue Coverage

Last Ten Fiscal Years

(Unaudited)

(Dollars in Thousands)

Revenue Bonds*						
Fiscal Year	Public Safety Sales Tax	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2012	720	-	720	335	374	1.02
2013	720	-	720	340	367	1.02
2014	720	-	720	350	358	1.02
2015	720	-	720	360	345	1.02
2016	720	-	720	375	332	1.02
2017	720	-	720	390	317	1.02
2018	720	-	720	405	301	1.02
2019	720	-	720	425	284	1.02
2020	720	-	720	440	267	1.02
2021	678	-	678	420	201	1.09

*Revenue Bonds: Public Safety Sale Tax Bonds

CITY OF TOLLESON, ARIZONA
Table 18
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Calendar Year	Population	Personal Income	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2012	6,704	37,972	12,285	N/A	N/A	N/A	8.25%
2013	6,704	37,972	12,285	N/A	N/A	N/A	6.70%
2014	6,756	37,972	12,285	N/A	N/A	N/A	6.40%
2015	6,756	32,196	12,934	N/A	N/A	N/A	4.80%
2016	6,929	34,485	13,391	N/A	N/A	N/A	4.50%
2017	7,178	31,388	13,588	N/A	N/A	N/A	4.50%
2018	7,205	39,714	16,267	N/A	N/A	N/A	4.50%
2019	7,299	39,714	16,267	N/A	N/A	N/A	4.50%
2020	7,372	42,935	17,269	N/A	N/A	N/A	9.70%
2021	7,372	45,952	17,998	N/A	N/A	N/A	6.60%

Sources: US Department of Commerce for population and
Homefacts (homefacts.com/unemployment/Arizona/Maricopa-County/Tolleson for unemployment rate.

N/A - Information was not available for these fiscal years

Note: GASB Statement 44 requires that general purpose governments present, at a minimum, population, total and per capita personal income, and unemployment rate. Governments may add other demographic and economic statistics that are useful and relevant to the user of their financial reports, either in this or in additional schedules. *Median age, education level and school enrollment are optional statistics; however, they are among those most commonly presented by governments.*

CITY OF TOLLESON, ARIZONA
Table 19
Principal Employers
Current and Nine Years Ago
(Unaudited)

Taxpayer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
J.B. Packerland	1,150	1	7.49%	1,325	1	8.83%
Papa Johns Salads Produce	960	2	6.25%	-	-	-
Albertsons, Inc.	810	3	5.28%	400	5	2.67%
Atlas Retail Services	650	4	4.23%	-	-	-
SK Food Group	550	5	3.58%	-	-	-
Pepsico	440	6	2.87%	400	6	2.67%
Carvana Co	400	7	2.61%	-	-	-
Autozone	380	8	2.47%	290	9	1.93%
SRP	380	9	2.47%	400	8	2.67%
Sysco Food Services of Arizona	370	10	2.41%	525	3	3.50%
Fry's Distribution	-	-	-	725	2	4.83%
Greater Auto Auction	-	-	-	400	4	2.67%
Home Depot	-	-	-	300	7	2.00%
Berry Plastics, Inc.	-	-	-	200	10	1.33%
Total	<u>6,090</u>		<u>39.66%</u>	<u>4,965</u>		<u>33.10%</u>

Source: Maricopa Association of Governments (MAG), <http://geo.azmag.gov/maps/employment/>.

CITY OF TOLLESON, ARIZONA
Table 20
Full-Time Equivalent Employee By Function
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General government	39	34	45	46.5	41	47	48	60	55.5	55
Police	45	43	42	42	48	49	49	49	49	53
Fire	31	31	31	33	33	32	32	33	33	33
Public Works	17	20	18.5	18	19	19	21	22	22	22
Community Services	6	8	8	8	8.5	8	9	10.5	12.5	12.5
Water	8	8	8	8	10.5	12	12.6	14	14	14
Sanitation	2	2	1.5	1.5	2.5	2	-	-	-	-
Wastewater/Sewer	20	20	21	24	28	28.5	27.4	28.5	29	28
Total	<u>168</u>	<u>166</u>	<u>175</u>	<u>181</u>	<u>190.5</u>	<u>197.5</u>	<u>199</u>	<u>217</u>	<u>215</u>	<u>217.5</u>

Source: City Records

CITY OF TOLLESON, ARIZONA
Table 21
Operating Indicators By Function
Last Ten Fiscal Years
(Unaudited)

Function/Program	2012	2013	2014	2015	2016
Police					
Physical arrests	235	293	257	248	293
Call for services	11,287	14,511	12,484	11,712	14,650
Traffic violations	4,180	1,944	3,582	2,758	3,599
Fire					
Emergency responses	1,943	2,122	2,212	2,322	2,636
Fires extinguished	156	138	134	135	120
Inspections	321	271	43	116	633
Planning and Building Safety					
Building permits issued	332	344	386	327	336
Building inspections conducted	1,525	912	1425	1460	694*
Transit					
Total route miles	6	6	6	6	6
Sanitation					
Refuse collected (<i>tons/day</i>)	43.3	15.0	8.45	8.87	8.46
Library					
Volumes in collection	23,980	27,240	26,983	23,172	22,894
Total volumes borrowed	25,225	37,690	36,480	33,183	29,166
Water					
New connections	43	257	44	35	19
Water main breaks					
Average daily consumption (<i>thousands of gallons</i>)	3,281.0	3,876	3,877	3,000	3,823
Peak daily consumption (<i>thousands of gallons</i>)	4,962.0	5,174	5,384	6,000	7,100
Wastewater					
Average daily sewage treatment (<i>thousands of gallons</i>)	5,193.0	5,180	5,274	8,230	5,347

* Represents 8 months

** Represents 2 months

*** City outsourced collections to 3rd party in FY 17

Source: City Records

2017	2018	2019	2020	2021
352	330	404	978	1,064
15,428	15,942	16,560	15,507	17,376
3,433	2,456	1,825	1,263	1,551
2,915	3,688	3,701	3,944	4,085
116	1,088	1,099	1,195	1,054
52**	1	24	94	162
383	429	488	429	332
860*	1286	1,565	984	1,090
6	6	6	6	6
0.42***	0.54	0.76	11	12
24,337	23,809	25,210	24,244	42,311
34,419	31,110	39,211	36,281	16,415
26	8	59	35	17
		5	7	6
3,082	3,940	3,774	3.875	4.044
6,480	5,602	5,721	5.836	5.274
5,353	5,359	5,490	5,739	5,534

CITY OF TOLLESON, ARIZONA
Table 22
Capital Asset Statistics By Function
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police				
Stations	1	1	1	1
Patrol Units	22	23	24	24
Fire Stations	1	1	1	1
Refuse collection				
Collection trucks	2	2	6	6
Other public works				
Streets (<i>miles</i>)	34	34	34	34
Streetlights	778	778	778	778
Traffic signals			12	12
Parks and recreation				
Acreage	20	20	20	20
Playgrounds	3	3	3	3
Baseball/softball diamonds			1	3
Soccer/football fields			1	2
Community/Youth Centers	2	2	2	2
Water				
Water mains (<i>miles</i>)	48	50	56	60
Fire hydrants	451	475	420	700
Storage capacity (<i>thousands of gallons</i>)				
Wastewater				
Sanitary sewers (<i>miles</i>)	46	37.07	34.63	35.03
Storm sewers (<i>miles</i>)			2	2
Treatment capacity (<i>thousands of gallons</i>)	17,500	17,500	17,500	17,500

Source: City Records

2016	2018	2019	2020	2021
1	1	1	1	1
24	24	22	27	34
1	1	1	1	1
6	2	2	2	2
34	34	34	34	34
778	778	944	965	1,071
12	13	14	15	15
20	20	24	24	24
4	4	4	4	4
3	3	3	3	3
2	2	2	2	2
3	3	3	2	2
60	57.75	60	63.75	64.00
700	737	748	765	765
5,250	5,250	5,250	5,250	5,250
38.12	38.62	39.46	40.06	40.06
2	2	2	2	2
17,500	17,500	17,500	17,500	17,500

CITY OF TOLLESON, ARIZONA
Table 23
Property Valuations
For the Fiscal Year Ended June 30, 2021
(Unaudited)

	2020-2021 Fiscal Year
Estimated actual valuation	\$ 2,400,108,151
Net primary assessed valuation	247,008,373

Source: Maricopa County Assessor's Office and Maricopa County Department of Finance

CITY OF TOLLESON, ARIZONA
Table 24
Secondary Valuations as a Percentage of Estimated Valuations
For the Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Net Secondary Assessed Valuation	Estimated Actual Valuation	Net Secondary Assessed Valuations as Percentage of the Estimated Actual Valuation
2020-21	\$ 368,719,284	\$ 2,400,108,151	15.36%
2019-20	\$ 328,931,929	\$ 2,128,581,709	15.45%
2018-19	\$ 295,958,429	\$ 1,933,298,374	15.31%
2017-18	\$ 271,256,677	\$ 1,786,258,167	15.19%
2016-17	\$ 239,605,939	\$ 1,593,519,300	15.04%
2015-16	\$ 199,662,057	\$ 1,326,288,910	15.05%
2014-15	\$ 168,629,759	\$ 1,111,077,328	15.18%
2013-14	\$ 162,254,481	\$ 1,048,898,288	15.47%
2012-13	\$ 180,067,717	\$ 1,126,277,682	15.99%
2011-12	\$ 217,342,534	\$ 1,344,185,974	16.17%

Source: Maricopa County Assessor's Office and Maricopa County Finance Department

CITY OF TOLLESON, ARIZONA
Table 25
Secondary Valuations By Legal Class
As of June 30, 2021
(Unaudited)

Legal Class	Description	2019-2020 Secondary Assessed Valuation	2020 Percent of Total	2020-2021 Secondary Assessed Valuation	2021 Percent of Total
1	Utilities Telecommunication and Commercial and Industrial	\$ 296,154,477	90.04%	329,937,175	89.47%
2	Agricultural and Vacant	10,023,204	3.05%	10,282,440	2.79%
3	Residential (Owner occupied)	12,291,734	3.74%	15,300,827	4.15%
4	Residential (Rental)	8,552,135	2.60%	11,290,512	3.06%
5	Railroad	694,534	0.21%	689,675	0.19%
6	Non-commercials	1,215,845	0.37%	1,218,655	0.33%
Total		<u>\$ 328,931,929</u>	<u>100.00%</u>	<u>\$ 368,719,284</u>	<u>100.00%</u>

Source: Maricopa County Assessor's Office

CITY OF TOLLESON, ARIZONA
Table 26
Secondary Valuations By Major Taxpayer
As of June 30, 2021
(Unaudited)

Taxpayers	Business	Estimated Secondary 2020-21 Assessed Valuation	Estimated as a Percent of the City's 2020-21 Net Secondary Assessed Valuation
FR CAL 3 Tolleson Buckeye LLC	Industrial Property	\$ 12,577,457	5.09%
CLNC NNN Alberts AZ LLC (Albertsons)	Grocery Retailer	11,666,719	4.72%
Smiths Food & Drugs	Grocery Retailer	10,452,953	4.23%
Prologis-Exchange Westside Business Park LLC	Industrial Property	7,888,633	3.19%
SVC Manufacturing INC	Food Manufacture	7,632,122	3.09%
CAM Investment 338 LLC	Industrial Property	5,562,751	2.25%
Greater Arizona Auto Auctions Inc.	Auto auctions	4,723,263	1.91%
AZEJM Land Holdings/Oxnard Commerceplex	Commercial Property	4,376,889	1.77%
Liberty Property LP	Real Estate	4,347,008	1.76%
CFP/TCC Tolleson Retail Parcel LLC	Commercial/Industrial Property	3,565,631	1.44%
Total		<u>\$ 72,793,426</u>	<u>32.33%</u>

Source: Maricopa County Assessor's Office



Compliance Section



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and City Council
City of Tolleson, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tolleson, Arizona, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Tolleson, Arizona's basic financial statements, and have issued our report thereon dated November 17, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Tolleson, Arizona's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Tolleson, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Tolleson, Arizona's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Tolleson, Arizona's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Henry + Horne, LLP

Tempe, Arizona
November 17, 2021